Ohio Rail Development Commission

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November 10, 2009

Dear Commissioners:

Enclosed please find relevant information to the **Thursday, November 19, 2009** commission meeting. Minutes of the September 10, 2009 commission meeting are enclosed for your review.

This meeting will be held at the **Ohio Department of Transportation's Headquarters, 1980 West Broad Street, Columbus, Ohio, Room GB, Lower Level**, beginning at 10:00 a.m. If you haven't already done so, please contact Megan McClory to confirm your attendance. You may reach her at 614/644-0289 (telephone) or by e-mail at megan.mcclory@dot.state.oh.us.

We look forward to seeing you.

Sincerely,

James G. Bradley
Chairman

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA
Thursday, November 19, 2009, 10:00 a.m.
Ohio Department of Transportation Headquarters
1980 West Broad Street, Room GB, Columbus, Ohio

CALL TO ORDER: James Bradley, Chairman

- Welcome
- Roll Call
- Approval of Minutes from September Meeting

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

ITEMS FOR APPROVAL

- Resolution 09-24: Ashland Railway Mansfield to Willard Line Loan

APPROVED PROJECT BRIEFINGS

- Ohio Central Swing Bridge Repair
- Indiana Eastern Railroad Bridge Repairs
- City of Lebanon; LM&M Tourist Railroad Rehabilitation
- Columbus & Ohio River Railroad; Marne Bridge Removal

PANHANDLE LONG TERM LEASE COMMITTEE REPORT
Commissioner Tom McOwen, Committee Chairman

REPORTS OF STANDING COMMITTEES: Committee Chairs

- Discussion of Committee Structures/Roles

OLD BUSINESS

- 2010 Meeting Dates
- Resolution 09-25: Columbiana County Port Authority Loan

NEW BUSINESS

- Presentation of Passenger Equipment Options
- Overview of ORDC-ODOT Preemption Project

PUBLIC COMMENT

ADJOURN

MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
SEPTEMBER 10, 2009

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Acting Chairman Thomas McOwen at 10:10 a.m. on Thursday, September 10, 2009.

MEMBERS PRESENT

Members present included: Acting Chairman Tom McOwen, Commissioners Solomon Jackson, Herk Wolfe, Rob Greenlese, Barbara Bennett, Bill Lozier, Jolene Molitoris, Larry Sowers, William Murdock and Jordan Plottner for Representative Robert Hagan and Kim Wheeler for Senator Steve Buehrer. Members absent included Senator Jason Wilson and Representative Terry Boose. There were nine voting members present therefore a quorum was obtained.

APPROVAL OF THE MINUTES OF THE JULY MEETING

Chairman McOwen asked for a motion to approve the minutes of the July 9, 2009 meeting. Commissioner Molitoris moved to approve the minutes and Commissioner Bennett seconded the motion. Roll call was taken. The minutes were approved as presented with nine votes in the affirmative.

ACKNOWLEGEMENT OF EFFORTS WITH 3C QUICKSTART APPLICATION

Vice Chairman McOwen acknowledged the efforts of staff from both ORDC and ODOT with respect to the application for stimulus funding for the 3C QuickStart passenger rail service. He thanked ODOT for contributing their resources and assisting ORDC with this immense task.

Commissioner Molitoris echoed Chairman McOwen's comments and added how pleased she was that the Rail Commission has physically joined ODOT in the building, effective this past June. Commissioner Molitoris commented that ORDC's move is "a great role model" for working together as a team and that the President, Secretary of Transportation, and several members of Congress who approved the stimulus bill have finally set in motion 30 years of studies of passenger rail. She emphasized the importance of working as a team to help ensure Ohio's success with the plan.

NOTE: Chairman McOwen requested the order of the agenda be modified slightly to accommodate a commissioner's schedule; therefore Projects will be reviewed first with the Executive Director's Report and Finance Report to immediately follow.

PROJECTS

Resolution 09-17 – Lease Agreement with the Newark, Heath & Buckeye Scenic Railway for use of the Glass Rock Branch

Megan McClory, Secretary-Treasurer for ORDC, presented Resolution 09-17 to the commissioners. Ms. McClory indicated the briefing and resolution could be found on page 53 of the commission packet. She reported the Newark, Heath & Buckeye Scenic Railway is now doing business as the Zanesville and Western Scenic Railroad. Ms. McClory stated that last year ORDC's Executive Director entered into a one-year agreement with the railroad for the purpose of clearing the line of brush to make it accessible for rail and bridge inspectors. The Zanesville & Western Scenic Railroad (Z&WSR) is now interested in a two year lease for the purpose of clearing the line, storing rail equipment and making repairs to the rail property in order to begin passenger excursions.

The proposed agreement requires ORDC to grant prior approval to the railroad for most activities on the line. The agreement does not, however, include any provisions for the operation of excursion service (the proposed agreement is included in the commission packet for review). Ms. McClory stated Mr. Vince Arnold was present to answer any questions. Mr. Arnold addressed the commissioners and thanked them for their consideration of this project. Mr. Arnold expressed the railroad's desire to continue partnering with ORDC in this endeavor.

Commissioner Sowers moved to approve Resolution 09-17 and Commissioner Greenlese seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-18 – Ohio Basic Minerals

Lou Jannazo, ORDC's Chief of Project Development, presented Resolution 09-18 to the commissioners. Mr. Jannazo indicated the project briefing could be found on page 68 of the commission packet. Mr. Jannazo reported this company is preparing to invest $6.9 million toward the expansion of their operations. The company has requested a grant of $30,000 and a loan of up to $120,000 to assist with the costs associated with the installation of active warning devices at the Beaver Pike crossing. This crossing will be owned and maintained by Ohio Basic Minerals however US Rail will assist the company in obtaining bids for the project and will oversee the construction. Mr. Jannazo introduced Mike Chalcraft from Ohio Basic Minerals to respond to any questions.

Commissioner Jackson inquired whether safety funds could be used to cover the costs of this installation so the company did not have to request a grant and loan. Susan Kirkland, ORDC's Manager of Safety Projects, responded that federal regulation prohibits the use of safety funds on new or modified crossings without closures being pursued. Commissioner Jackson further inquired whether there is an inconsistency on how safety funds and state funding is being used. Director Dietrich responded that ORDC's different funding mechanisms have different requirements. The safety funds are made up of different funds and historically ORDC has followed a strict policy with respect to the use of those funds. Commissioner Greenlese confirmed that the parties to the loan will be ORDC and Ohio Basic Minerals.

Commissioner Bennett moved to approve Resolution 09-18 and Commissioner Murdock seconded to the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-19 – Approval of TIGER Grant Application for CSX National Gateway Project

Director Dietrich presented Resolution 09-19 to the commissioners. Director Dietrich indicated the project briefing could be found on page 75 of the commission packet. He reported this Resolution grants the authority to ORDC to become the public sponsor for the entire National Gateway project. Director Dietrich stated this project spans from North Carolina to North Baltimore in Ohio. Several states have been very heavily involved with this project but a TIGER grant requires a public sponsor before being considered. As Ohio is the largest recipient of benefits with respect to this project, Director Dietrich indicated it makes sense for ORDC to be the formal sponsor of CSX's application of $258 million in grant funding. Of this amount $30 million will be spent in Ohio on double stack clearance projects. The remaining funds will be divided amongst the remaining states associated with this project.

Director Dietrich introduced Rusty Orben, Director of Public Affairs for CSX, who addressed the commissioners and thanked them for their consideration of this very important project. Mr. Orben expressed that the initial completion date for the project was expected to be 2015 but with the award of the TIGER grant it will assist in clearing a large portion of the network by 2012 – a full three years sooner than expected.

Commissioner Molitoris inquired about adding another "whereas" to the resolution that states the total TIGER request of $258 million rather than only identifying the $30 million for Ohio. Commissioner Molitoris also reiterated the Governor's commitment to this project and reported the Governor attended the groundbreaking ceremony in North Baltimore. Director Dietrich responded by stating he did not have any issues with adding another statement to the resolution should that be the desire of the commissioners.

Commissioner Sowers moved to approve Resolution 09-19 with the inclusion of "entire $258 million grant" in the second Whereas clause. Commissioner Molitoris seconded the motion. Chairman McOwen reiterated that what the commission is approving is the submission of an application and being a sponsor of the grant; not the administrator of the project.

Commissioner Bennett inquired if an administrative fee was possible? Director Dietrich indicated that it is not possible at this point in time. Mr. Orben stated that CSX is pursuing Federal Highway Administration oversight of funds if successful so that the funds would not need to flow through Ohio/ORDC/ODOT.

Commissioner Lozier cautioned ORDC staff to be mindful of any potential "pitfalls" in the agreements (i.e., possibility of unforeseen expenditures) and confirmed ORDC's role. Director Dietrich stated that staff will be signing applications and making sure the right steps are followed. He stated that he would like to pursue an arrangement like that used to construct the Norfolk Southern Heartland Corridor project. Commissioner Jackson commented that the Heartland Corridor will be completed next year and that NS is excited about the trucks that will be moved off the highway and about NS's ability to provide a reliable, time-sensitive product. There are a lot of parallels between the Heartland Corridor and National Gateway and the project administration blueprint should work extremely well.

Ms. McClory re-read the resolution for further clarification of the motion prior to calling the roll. Roll call was taken with nine votes in the affirmative.

Resolution 09-20 – America Recovery & Reinvestment Act (ARRA) Funding Award Administration Modification (Supplemental Resolution to 09-13)

Ms. McClory presented Resolution 09-20 to the commissioners. The briefing can be found on page 79 of the commission packet. Ms. McClory reported the previous 21 rail-related projects approved at the commission meeting in May of 2009 have had some changes and two additional projects added. She reported this Resolution will grant staff the ability to add the two projects to the list of projects ORDC will administer. Ms. McClory further stated this Resolution grants ORDC the ability to add any additional projects that come before the commission prior to the March 2010 filing deadline.

Commissioner Greenlese moved to approve the resolution and Commissioner Molitoris seconded the motion. Discussion took place with Commissioner Jackson inquiring about the verbiage

"any and all necessary action" identified in the resolution's heading. He was uncomfortable with the use of this language (i.e., too broad). Director Dietrich responded by reporting that the commission and ODOT often assume different roles and the use of this language encompasses whatever direction a project may take. Commissioner Greenlese inquired about the second use of the word "necessary" in the heading.

Commissioner Molitoris offered a revision to the previous motion and moved to "remove 'any and all' from the resolution's heading" so that it will now read "A RESOLUTION TO AUTHORIZE STAFF TO TAKE ~~ANY AND ALL~~ NECESSARY ACTION ~~NECESSARY~~ TO ADMINISTER ARRA AWARDS UNDER CHAPTER 4981 OF THE OHIO REVISED CODE. Commissioner Sowers seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-21 – Approval of Application for Federal Railroad Administration ARRA Funding for 3C "QuickStart" Project

NOTE: Commissioner Jackson recused himself from the discussion and vote on Resolution 09-21.

The briefing can be found on page 83 of the commission packet. Director Dietrich presented Resolution 09-21 to the commissioners. Director Dietrich reported ORDC staff is requesting "formal support and signature authority for the 3C Quick Start Passenger Plan application to the Federal Railroad Administration (FRA) for the High-Speed Intercity Passenger Rail (HSIPR) program. In addition, ORDC Staff requests approval to administer such funds should Ohio's application be selected for funding. Director Dietrich reported the application is due to the Federal Railroad Administration by October 2nd. He gave background information on what Ohio's application means for passenger rail in our state. Director Dietrich indicated Ohio's 3C "QuickStart" Service is a candidate for funding under the FRA's Track 2 process. He encouraged commentary (in writing) from any and all who wish to do so; indicating this commentary is necessary for the environmental process.

Additional background and discussion followed with Commissioner Lozier moving to approve Resolution 09-21 and Commissioner Bennett seconding the motion. Commissioner Molitoris requested a revision to the resolution in the final line to state… "Now, Therefore, Be It Resolved, that the ORDC hereby supports and authorizes the ORDC to submit an application and, *in partnership with the Ohio Department of Transportation,* to serve as recipient and administrator of the above-described grant."

Commissioner Molitoris moved to amend the resolution as previously stated and Commissioner Sowers seconded the amendment. Roll call was taken with eight votes in the affirmative; one recused. Commissioner Bennett then moved to approve the resolution and Commissioner Wolfe seconded the motion. Roll call was taken with eight votes in the affirmative; one recused.

Resolution 09-22 – Approval of 2009 Rail Rehabilitation Program Project Selections

Mr. Jannazo indicated there are 5 projects up for consideration of Rehabilitation Program grants and introduced the representatives of each company who were available for questions. Each project has its own briefing in the meeting packet and there is a single resolution and exhibit for the entire set of projects. There were no questions.

Commissioner Greenlese moved to approve Resolution 09-22 and Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-23 – Approval of US Railcar's TIGER Application

NOTE: Commissioners Murdock and Jackson recused themselves from the discussion. This project was moved from "New Business" on the agenda to "Projects."

Director Dietrich gave a brief background on US Railcar, LLC. He reported this project establishes a rail car manufacturer in the United States for the first time since the 1980s. This project will employ 162 people within the first three years of the project at an average hourly wage of $22. Director Dietrich reported that after Colorado Rail Car closed due to management and financial difficulties in late 2008, Value Recovery Group, Inc. acquired its assets and re-named the company US Railcar, LLC. US Railcar is seeking funding to establish railcar manufacturing in the City of Gahanna on a brownfield site. ORDC will be the public sponsor of this project for the TIGER grant and will administer the award if the project is selected for funding. Barry Fromm, Chairman and CEO of Value Recovery Group, was present for questions. Mr. Fromm spoke of the enormous opportunity this project is to bring railcar manufacturing back to the US. Commissioner Molitoris pointed out that this is an opportunity to bring not just the only domestic DMU manufacturer to Ohio but the only domestic passenger car manufacturer to Ohio.

Commissioner Wolfe moved to approve Resolution 09-23 and Commissioner Greenlese seconded the motion. Roll call was taken with seven votes in the affirmative; two recused.

Note: Commissioner Sowers departed at 11:18 a.m.

EXECUTIVE DIRECTOR'S REPORT

Director Dietrich presented the Executive Director's Report on page 11 of the meeting packet. He observed that the Commission is somewhat caught in the middle between the opportunities presented by the availability of federal funding and the constraints of the agency's resources. He recognized Commissioner Molitoris and several ODOT staff, Mandy Bishop, Leonard Evans, and Tim Hill, for their contributions to the 3C project and the FRA application. The project has been an opportunity to explore what being an independent commission with representation from the departments of transportation and development, and it has been a successful effort. He would not want to take away from the work of the staff: Megan on contracts, Lou on projects, Don on passenger, but ORDC has also had a great deal of help in making things happen. He asked that Commissioner Molitoris continue to provide this assistance in seeing projects through to fruition. Staff has been talking about a way for ORDC to capture the value being added to these projects, but unfortunately the stimulus funds do not present us an opportunity to try these approaches.

Activities are moving as planned with the Columbiana County Port Authority. ORDC is receiving payment as promised and staff anticipates presenting a work-out to the Commission at the November meeting.

The first notice to proceed has been given for a freight stimulus project funded under the ARRA, and three of the safety projects are already underway.

A quiet zone ribbon-cutting ceremony was held in Springfield, with Commissioners McOwen and Wolfe in attendance. Commissioner McOwen served as emcee for the event. Norfolk Southern, ORDC staff, and the City of Springfield provided significant assistance in making the project happen. A lot of people need to come to the table to make a quiet zone happen and there is a delicate balancing act. Director Dietrich said he hopes that other communities considering quiet zones look to Springfield as a model for how to advance a project.

Funding for the Programmatic Environmental Impact Statement (PEIS), the environmental work for the Ohio Hub, has been approved. A two-tiered approach is planned for the environmental clearance of the project, and this is the first step toward development of the Ohio Hub and a high-speed passenger rail network. ODOT had previously identified $7 million in federal American Reinvestment and Recovery Act funds for the PEIS work, but after conversation with FHWA, those dollars and about $50 million in other ODOT project planning commitments were shifted to construction activities. Director Dietrich had the opportunity to present to the TRAC, the Transportation Review Advisory Council, and that body approved $7 million in funding for the PEIS. This continues our two-track process to developing passenger rail in Ohio. We look forward to working with our freight partners as we have in development of the 3C project to make sure everyone benefits.

Commissioner Greenlese thanked Director Dietrich for his efforts and restated his view of the Ohio Hub as the "brass ring" and the 3C as the first step. We have to keep a broad approach to this, we are not just building passenger service through the middle of the state but moving Ohio to a whole different level of passenger service all over the state. This is a great effort.

Commissioner Molitoris stated that it may not be understood what a major action the TRAC took. She would like to recognize Assistant Director Steve Campbell, who went to great lengths to provide information and to prepare the way for the presentation to the TRAC. She was gratified by their action and their comments, as the TRAC is another independent body and they recognize the value of multimodal investments to truly bring jobs and economic development to our state. She thinks it was not only important but historic and she would like to recognize the members of the TRAC for their commitment and their strong statements that they personally made about the importance of this action.

Acting Chairman McOwen indicated that there is much more to the application than just filling out the forms. Support is needed from the public and from the Commissioners, and appealed to anyone who knows someone in a position of influence to ask them to tell those individuals how important this application and this project are to the state of Ohio.

Commissioner Molitoris observed that across the country there is a coalescing of citizens, leaders, developers, and private business who recognize that this is a historic, unique, maybe once in a lifetime opportunity for 100% money to invest in this kind of down payment, as the President called it, toward developing high speed and intercity passenger rail in our country. She is gratified by the response to the 3C is Me website and all of the Ohioans who have decided to comment on this project. ODOT is inviting anyone attending and anyone who wishes to share their views to contact leadership, the Ohio Congressional delegation, the Secretary of Transportation. Commissioner Molitoris returned from a meeting yesterday regarding the preliminary national rail plan, which could be similar in scope to the interstate highway system begun under President Eisenhower, but more complicated because of the private infrastructure.

The meeting lasted all day and one of the things she heard is that FRA is gratified by the rallying of leadership, business, citizenry, labor, manufacturing, everyone who realizes what a big step this is going to be. The freight railroads have been very supportive, and Ed Hamburger, head of the American Association of Railroads, said that we have the best freight system in the world and there is no reason we cannot have the best passenger system. Everyone that Director Dietrich mentioned should be recognized, including the whole Commission and the Chairman in terms of his leadership on equipment and the application. She invited anyone who would like to support or to comment to join in the effort.

Stu Nicholson mentioned that a letter had come in this morning from Greater Ohio, who wrote a letter to Secretary LaHood and the FRA Administrator in support of Ohio's 3C Quick Start program. Chairman McOwen stated that we need these kinds of things to show how important this project is to our citizens. He invited Gene Krebs of Greater Ohio to speak. Greater Ohio thinks it is time to be about moving people, not just automobiles. Chairman McOwen asked if there is information on the website for these various contacts – the Secretary of Transportation, the FRA Administrator. Mr. Nicholson responded that it will be posted if it is not and also mentioned that there have been close to 5,000 public responses to the survey on the 3cisme.ohio.gov website, with support running between 90-95%.

Chairman McOwen mentioned that there have been a lot of naysayers and questions about whether people will ride, and he has had a peek at some ridership estimates that are beyond our wildest dreams. He thinks that doubts about the success of passenger service should be long gone and appealed to the audience for their support to make it happen.

FINANCE REPORT

Megan McClory, ORDC's Secretary-Treasurer, presented the Finance Report to the Commissioners. Megan's report can be found on page 8 of the commission packet. Ms. McClory reported that financial statements were provided at the start of today's meeting. The FY 2010-2011 budget has been finalized and while about as bad as expected, fortunately it was not worse. ORDC's loan and safety funds were appropriated as requested and so will continue at their historic levels. The general fund appropriations total about $2.2 million per year, down from about $3.7 million at the start of last year. Staff has been able to address a number of rehabilitation needs with the federal stimulus funds allocated by ODOT. Staff is also looking at reducing operating costs and reallocating some costs to other funds in order to maximize the funds available for the grant program.

Staff authorized the first ARRA-funded rehabilitation project to start work and expect to authorize two more yet this week.

For several meetings, there has been an item in the finance reports about the selection of a passenger rail expert to assist with specific aspects of the FRA application. Staff has been able to select a firm and identify funding, and now have RL Banks & Associates under contract, with Burgess & Niple locally. A task of assessing the potential 3C station sites and providing cost estimates has been assigned, and the consultants are in the field this week.

The Fiscal Section has been providing staff support to the Human Resources Committee. Ms. McClory would like to recognize Gloria Howard for her assistance and research in putting materials together and presenting them to the Committee.

APPROVED PROJECT BRIEFINGS

RL Banks & Associates: Chairman McOwen asked for comments on the RL Banks & Associates briefing, which was discussed during the finance report. There were no questions.

Bellaire Harbor Services: Mr. Jannazo presented the Bellaire Harbor Services project, which is on page 126 of the packet. Bellaire Harbor Services is on the Ohio River and has had a barge operation for years. The Wheeling & Lake Erie Railway serves the facility with its River Line and the terminal has been using rail very sparingly. The $80,000 award will help BHS rehabilitate and relocate a mile-long track to allow them to use rail. It will add a very helpful rail component to the truck and barge operations already there. They already have stone and salt customers and this project will help increase the rail usage. There were no questions.

JOBS AND CARLOADS REPORT

Beverly Lee of the ORDC's Planning Section presented the 2008 report on companies that have received grants from ORDC. The report is on page 131 of the packet. Of the 16 companies reporting, by no means is this as great a report as it has been in the past in terms of generation of jobs and carloads given the economy. ORDC continues to work with the companies to review their progress and see what the commission can do to be helpful. There were no questions.

PANHANDLE LONG-TERM LEASE COMMITTEE REPORT

Committee Chairman Tom McOwen reported that the Commission has been busy and this Committee has not been able to meet for some time. He has had some conversations with the Genesee & Wyoming staff and apologizes for not getting a meeting scheduled. He expects to, in the next 30 days, schedule a meeting to get that project back on track.

STANDING COMMITTEE REPORTS

Human Resources – Chairman Jackson

Committee Chairman Solomon Jackson reported that the committee has done a lot of work. He has long been concerned about making sure there is in-depth inspection of the work that freight project dollars have gone out for. He knows there has been inspection but doesn't think it is the kind of coverage that is needed. Those in the safety section have done an admirable job but he wants comfort that there is someone looking out for the taxpayers' dollars. He pointed out page 50 of the packet, item number 2, where there is a call on the safety side for inspection. He wants to make sure there is someone on the freight side day in and day out looking at projects.

He has talked to Director Dietrich, and Ms. McClory has put together a draft position description. He indicated that he can't say enough about Gloria Howard. In addition to her regular duties, she has elevated the discussion by looking at other similar states, Indiana, Pennsylvania, and Michigan, that put rail first as well.

Ms. Howard reported that she contacted Indiana, Illinois, and Pennsylvania to learn how they put together their projects. All had similar components in that they have an engineer, as did Ohio's rail agency at one time. Staff relied on the engineers for track, structures, and grade crossings. ORDC's last inspector retired in 2004, so now inspection is done upon project completion. Other states' engineers do a pre-construction meeting, a cost estimate, and a cost-benefit analysis. They do the cost-benefit analysis to determine if projects are feasible, and the agency relies on them to put the packet together. They have someone on the project from start to end

and also use photographs to document the work. From her research, she recommends someone with an engineering background, though not necessarily a P.E., so that there is an engineering component to the cost and benefit analysis. She has talked with Commissioner Sowers, who is also strongly in favor of creating this position.

Chairman McOwen commented that he remembers when there were more than 30 people on staff, and we are down to 16. In this era of rail rejuvenation and rebirth, having someone to justify and verify what is going on in the field is absolutely essential.

Commissioner Lozier recalls there was an engineer in the rail division when Commissioner Molitoris was the deputy director. He suggested that it would be helpful when ORDC applies for grants to seek funds for construction engineering (inspection). He also suggested that the type of position be considered in terms of funding eligibility – i.e. construction engineering funds might require work to be done by a P.E. Commissioner Jackson indicated that there is work to be done on the position and encouraged Commissioners to share their ideas.

Commissioner Bennett asked how many projects might run concurrently. Director Dietrich suggested that six to twelve could be under construction at one time. He also pointed out that the letter to which Commissioner Jackson referred was a FHWA Quality Assurance Review, an opportunity to review Ohio's best practices to make improvements. One recommendation was to develop specific procedures to document the inspection work being done. Because of Ohio's good safety project work, ORDC has a good model for this position that we can sync up. We can also look to the federal procedures for guidance. He indicated that internally ORDC can consider set-asides as funding sources. As other funds become available, staff will need to take a hard look at the expectations that come with project sponsorships/acceptances, and the limitations of funding. Unfortunately the ARRA funds have very tight limitations regarding staffing resources.

Ms. Howard pointed out that there are 52 bridges on state-owned lines and tunnels.

Commissioner Wolfe suggested assistance from AREMA in getting the word out about this position. They have an extensive membership roster and could be a good resource. Commissioner Bennett observed that a P.E. may be in order for the position and that a P.E. may be obtainable at this time given this job market.

Art Arnold of the Ohio Railroad Association indicated that railroads said over the summer there were ARRA projects being delayed because there was not an inspector available for those projects. Railroads are concerned about losing this construction season. His question is the timetable for the hiring and whether projects have been delayed because an inspector was not available. Director Dietrich responded that there were issues related to inspection but not related to this position. Under ARRA there are additional requirements such as FHWA's selection of projects for full oversight, which is outside of ORDC's regular project process. There were other issues related to the establishment of DBE goals on projects, but those have been resolved. On certain projects ORDC has been able to follow standard procedures, but for full oversight, the projects require outside inspection services. Those issues have been resolved through work with ODOT's Office of Contracts.

Commissioner Jackson made a motion to support a new project manager position to provide

improved oversight of the state's investments in rail infrastructure projects and to direct staff to seek the approvals necessary to create, fund, post, and fill such a position. Commissioner Wolfe seconded the motion.

Commissioner Lozier asked whether the P.E. issue had been resolved. Commissioner Jackson expects that once the motion is successful, the Human Resources Committee will begin the heavy lifting and in that session, address that issue. He would like for both Commissioner Lozier and Commissioner Bennett to provide input and feedback.

Roll call was taken with eight votes in the affirmative.

Commissioner Jackson reported that the Committee is just beginning its work. It is apparent just how much work the staff is doing from his view as chairman of the committee. The committee next intends to review the staff workload, and particularly to look at the staffing in the Planning Section. Mr. Jannazo's work is the lifeblood of ORDC's work and Commissioner Jackson wants to provide as much support as possible.

Economic Development and Strategic Planning Committee – Chairwoman Bennett
Committee Chairwoman Barbara Bennett provided an update on the state rail plan. In July, there was a kickoff meeting with the consultant, Wilbur Smith, and attendees from ODOT and ORDC (staff and Commissioners Lozier and Bennett) and MORPC. The goal was to get everyone on the same page as to where the project will go. After discussion, they determined that a rail plan that meets the minimum requirements for FRA funds is the best place to start. That does not mean it can't be augmented afterwards with more modeling or other work. At the kickoff, the attendees also discussed reports that have been done previously, mapping, and resources available from ODOT to bring Wilbur Smith up to speed. Wilbur Smith has since proposed a scope of services, and Leonard Evans of ODOT is working with them. At the October retreat, the Commission will have a chance to discuss the rail plan. One topic will be the base criteria for how we select projects for funding. The consultants will also be doing public outreach, and perhaps the Commission can help with contacts and resources who have an interest in Ohio's rail.

Mr. Evans thanked Commissioners Bennett and Lozier for their input to the project. States are taking different approaches to the state rail plans, with some spending $1 million for major undertakings. Ohio has done a lot of planning and studies in the past, and Mr. Evans intends to leverage that work to put together the plan. The plan is required to qualify for future federal funding outside of the ARRA stimulus dollars. They are working on a "light" version of a rail plan, which will also play a role in the statewide Transportation Futures Plan. It is critical for the Commission to have an active role in the project, through engaging stakeholders and evaluating criteria for future decision-making. He encouraged commissioner involvement and looks forward to discussion at the October retreat, and thanked ORDC staff for their work.

Budget & Finance Committee – Chairman Tom McOwen
No report.

Legislative Committee – Commissioner Molitoris
No report.

OLD BUSINESS
None.

NEW BUSINESS
The ORDC fall retreat will be October 19 at the Spring Hollow Lodge at Sharon Woods Metropark in Westerville. Staff will provide further details shortly. The agenda is expected to include discussion of the state rail plan and the completed FRA application. Director Dietrich invited Commissioner comments and input to the agenda.

Commissioner Lozier asked if ORDC is sponsoring or attending the Toledo Metropolitan Area Council of Government's Ohio Conference on Freight. Director Dietrich responded that ORDC is not sponsoring the conference this year, nor is staff attending, but if commissioners would like to attend, we can work out the budgeting. Commissioner Wolfe stated that he will be attending the conference.

Chairman McOwen stated that the Governor has selected a new chair for the Commission. He is James Bradley, a former CEO of Wheeling-Pitt Steel. An announcement from the Governor is expected shortly.

Commissioner Jackson asked if there is any news on the manufacturing representative to be appointed to the commission. Chairman McOwen indicated the Governor's office is working on it but there is no announcement yet.

PUBLIC COMMENT
Larry Robertson, an Upper Arlington resident and member of All Aboard Ohio (AAO), indicated that AAO's members have been very active supporting passenger rail. He is very pleased to know Ohio is close to real results. He is trying to resurrect the Red Door Tavern meetings of the past and get a steady core group going. They believe they can help publicize Ohio's efforts and spread the word. He attends ORDC meetings out of personal interest. As a citizen, he believes railroads offer a lot of promise for the future, for both freight and passenger service. He supports both and is proud to have a group like ORDC.

Ryan Ratledge, General Manager of the Indiana & Ohio Railway, thanked the Commission for its approval of two I&O rehabilitation projects.

Art Arnold of the Ohio Railroad Association said that based on his work on the 21st Century Transportation Priorities Task Force and working the halls of the Statehouse, the idea of passenger rail is almost palpable. Also palpable is the opposition to passenger rail from a few groups around the state. He received notice yesterday of an effort by the Ohio Trucking Association and the Ohio Petroleum Marketers Association, groups with statehouse clout, to try and derail support for the passenger rail effort within the General Assembly. He wanted the Commissioners and members of the public to be aware that the earlier request for support for passenger rail is important to share, not just with other members of the public or with state legislators, but with media outlets and other groups. He thinks there is going to be a clash in the General Assembly and in state government later this year, as the funding and the idea of realizing passenger rail becomes more real. His industry is going to keep an eye out for their concerns. NS and CSX and other railroads will look out for their interests and try to be good partners with the state, but as far as the leadership role on passenger rail in the state, it will be the

people in this room and the people upstairs in this building. There are groups out there "very committed to trying to deny you the goal that you seek."

Commissioner Molitoris saluted Mr. Arnold. She said he probably would not have expected five years ago to represent Ohio on the States for Passenger Rail Coalition. She believes there is a win-win partnership for everyone and appreciates his role on the Task Force. The message of passenger rail and economic development and mobility it brings will reach those who are wary. She wants to continue to bring the facts of the message, economic development, mobility, revitalization of cities, green transportation to support a good business decision by the state of Ohio.

Mr. Jannazo asked for thoughts on the meeting location. The commissioners and members of the public attending agreed that meeting at the ODOT Headquarters building is a good location.

Daniel van Epps, Executive Director of the Conotton-Sandy-Tuscarawas Valley Community Improvement Corporation, shared concerns about abandoned rail lines being severed by road and highway fills to eliminate overhead bridges. He provided staff with an article which says ODOT will eliminate a number of bridges that may be along the Cadiz Branch in Harrison County. Prior articles have said these are eliminations are bridges over abandoned rail lines. His organization proposes to restore a 3.45 mile line and they are facing a 40' fill to go through with a bridge, tunnel, or culvert, which will cost millions of dollars. He stated that several meetings ago, Commissioner Wolfe brought up a resolution supporting the preservation of rights of way, and if so, we need to work together with industry, county engineers and ODOT to keep the rights of way open, even if they are abandoned.

ADJOURNMENT

Chairman McOwen called the meeting of the Ohio Rail Development Commission adjourned at 12:35 p.m.

TO: ORDC Commissioners

FROM: Matthew Dietrich

SUBJECT: November 2009 Executive Director's Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the September Commission Meeting.

1. State Rail Plan: After the retreat, Commissioner Bennett and ORDC staff met with Wilbur Smith and Associates (WSA) to continue the dialogue initiated at the Commission Retreat for the State Rail Plan. Commissioner Bennett and Staff will continue to work with WSA on the plan which will include stakeholder outreach as well as a benefits calculator to aid in decision-making. A great deal of discussion at the meeting centered on the differentiation between our needs and wants for the State Rail Plan. First and foremost, Ohio needs to comply with the requirements of the Federal Railroad Administration as detailed in the Passenger Rail Investment and Improvement Act (PRIIA) passed in fall 2008. That legislation made a state rail plan a prerequisite for future federal funding. To ensure this eligibility for federal funding, WSA will have a basic State Rail Plan that meets the requirements of PRIIA for Commission consideration at the January meeting. Work will continue after January to include as many of other inputs of the Commission and stakeholders beyond the basic MINIMUM FEDERAL requirements of the State Rail Plan as we recognize that this document needs to be updated as more information and studies become available.

2. Amtrak Report: Staff received the Amtrak draft report on the 3C service in mid-September. As you are aware, much of this information formed the basis of Ohio's application. However it was just one input into the project. Since this study was initiated before the announcement of stimulus funding, this project has evolved throughout the process. Staff provided its comments back to Amtrak on the report so that the report can be finalized. Staff and Amtrak are now working on clarifications to the scope of work as we work through the comments. It is still planned to get this report finalized by the end of the year so that we can move on to the next levels of analysis.

3. 3C Quick Start Update: As you are all aware, on behalf of the State of Ohio, ORDC submitted the $564 million 3C Quick Start Stimulus Application. The submission, including supporting documentation was over 2,200 pages in length. In summary, the service proposed includes:
    - Initial Route: Connects Cincinnati, Dayton, Columbus, Cleveland
    - Initial Route Length: Approximately 250 miles
    - Train Speed: Up to 79 miles per hour
    - Start Date: September 2012 in application
    - Trips: Morning, Mid-Day & Evening Service

    Cost: *Capacity additions, track upgrades and layover facility include 30% contingency. Station costs include 20% contingency.*
    - $236.2-million for Capacity Additions
    - $36.5-million for Track Upgrades
    - $32-million for Grade Crossing Upgrades
    - $29.1-million for stations
    - $55-million for maint./layover facility
    - $175-million for five (5) new trainsets (1 reserve)

In addition to the above, staff is continuing to advance the project in anticipation of a January 2010 announcement of awards. This work is in regard to Modeling, Access Agreements with Freight Railroads, Equipment, and Station Development.

4. Staff Presentations (primarily focused on passenger rail efforts)
   - Part of a transportation panel on passenger rail efforts to MORPC Summit on Sustainability and Environment in Columbus,
   - Northwest Ohio Passenger Rail Association in Perrysburg, Ohio,
   - Veteran's Advisory Council of the Ohio Dept. of Veteran's Affairs,
   - Dayton Area Chamber of Commerce "Leaders Group",
   - Additionally, Stu has been very active providing information to various advocacy groups as well as news outlets.

5. State Logistics and Distribution Program: ORDC staff continues to participate in project review and recommendations for the State Logistics and Distribution Program. The program, under the administration of the Ohio Department of Development, has approximately $50 million in funding available for the current fiscal year. Given the level of outstanding applications, it is anticipated that by the end of the calendar year, project recommendations will be finalized for the program.

6. MIPRC meetings in Columbus: On October 15 and 16, Columbus hosted the fall meeting of the Midwest Interstate Passenger Rail Compact. This group consisting of governor and general assembly appointments from 11 states in the Midwest. Ohio's current appointees to the MIPRC include: State Representative Robert Hagan and Mr. Art Arnold as gubernatorial appointees and Senator Tom Patton as the senate appointee. Both Stu Nicholson and I attended the meeting and I had the opportunity to provide the welcome on behalf of the State of Ohio.

7. Retreat: Thanks to all for a very productive retreat. With help of the Commission Committees, staff has already begun progressing in areas of Human Resources and State Rail Planning.

8. Piney Fork Rail Line: On October 22, 2009, the ORDC received an unsolicited offer to purchase the state-owned Piney Fork rail line from the current operator, Ohi-Rail Corp. which has operated the line since 1984. (Attached) The line was purchased from Conrail by the Ohio Rail Transportation Authority on July 30, 1982. In 2004 an appraisal was conducted with an estimated Net Liquidation Value (NLV) of $1,282,000. Staff will continue discussions with Ohi-Rail on proceeding with this request. Some policy considerations for the Commission: Is the Commission interested in selling the Piney Fork Rail Line? If so, how should that sale proceed, as a sole source to the existing operator based on NLV or as a competitive bid with the operator exercising its right of first refusal?

9. Sunset Review Committee: As part of the five (5) year review cycle, the ORDC provided a presentation on the Interstate High Speed Intercity Rail Passenger Network Compact.

10. Public Utilities Commission of Ohio action: On October 28, 2009, the PUCO ruled in favor of CSX's petition for closure of Ulsh Road in Marion County. Tod Darfus from ORDC testified as an expert witness in this case.

OHI-RAIL corp.

P.O. Box 728 • Steubenville, Ohio 43952 • Phone 740-282-5301 • Fax 740-765-4777

Between Minerva & Hopedale • Serving Southeastern Ohio

Matthew Dietrich
Executive Director
Ohio Rail Development Commission
1980 West Broad Street
Columbus Ohio, 43223

RECEIVED
ORDC
2009 OCT 27 PM 1:20

October 22, 2009

Re: Offer to Purchase the Piney Fork Rail Line

Dear Executive Director Dietrich:

As you know, I am the Vice-President of Ohi-Rail Corp. Please accept this letter as Ohi-Rail Corp.'s formal offer to purchase the Piney Fork Rail Line from the State of Ohio - Ohio Rail Development Commission.

The Ohio Department of Transportation and LWR, Inc. entered into a Right of First Refusal and Access Agreement, which was dated July 29, 1994. This Agreement was amended on July 14, 2009 by the Ohio Rail Development Commission and LWR, Inc.

Ohi-Rail Corp. intends to have the Piney Fork Rail Line appraised, which will act as a basis to determine the value of the Piney Fork Rail Line. In addition, Ohi-Rail Corp. will proceed in performing its due diligence in the purchase of the Piney Fork Rail Line, which will include the review of any leases, licenses or environmental concerns that may exist.

As you are aware, Ohi-Rail Corp. has expended countless hours of time and labor over the course of the past few decades on the railroads on which it conducts business. This "offer to purchase" illustrates Ohi-Rail Corp.'s renewed commitment to restart freight operations on the Piney Fork Rail Line.

I look forward to working with you in the near future.

Sincerely,

RICHARD A. DELATORE
Vice-President of Ohi-Rail Corp.

ACCOMPLISHMENTS REPORT
PLANNING AND PROJECT DEVELOPMENT
September 8 to November 10, 2009

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

FIELD & TRACK INSPECTION

- Field inspection of possible Columbus Steel Castings spur project and International Wood Fuels spur project in Wellston.
- Field inspection trip of Colorado Rail Car equipment in Florida.

ADMINISTRATIVE

- Participated in ORDC Retreat; developed detailed project duties of ORDC Staff for Human Resources portion of Retreat.
- Followed up on second round of FY 2010 Track Rehabilitation Program.
- Helped prepare agendas and briefing packets for November, 2009 meeting including 4 project briefings and approved project briefings.
- Continued updating contract and contract amendment tracking system to keep better account of various EPA and Taxations clearances and the contracting process.
- Developed 7 grant agreements for projects approved at September meeting.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work and termination dates.
- Did OEPA and Ohio Taxation background checks on various grant recipients from July and September meetings.

TRAINING

- Lou attended mandatory training on EEO requirements.
- Lou attended training done by Operation Lifesaver to maintain status as active OL presenter.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Did final evaluations and recommendations for FY 2010 Rehab projects on November agenda (OCRR Swing Bridge, ASRY rehab loan, Indiana Eastern bridge repairs, and City of Lebanon track project for tourist railroad (LM&M).
- Investigated new spur projects in Moraine, Columbus, Fairborn, & Lordstown.
- Continued working on DelTech Polymer rail spur project in Troy and International Wood Fuels spur project in Wellston.
- Continued working on details of Carrollton Branch rehabilitation project and how ORDC funding will interact with newly found CDBG and ARC funding.

Diesel Emissions Reduction Grant (DERG) Program

- Got authorization to proceed with purchase of equipment to W&LE, I&O, and RJC.
- Again revised grant agreement with ArcelorMittal-Cleveland Works RR.

- Drafted grant agreement for Round 2 project with CSX.
- Continued coordination with ODOT and ODOD on all projects.

Logistics & Distribution Program:

- Reviewed project applications for Buckeye Industrial Mining, the Village of West Jefferson, & Cincinnati Barge & Rail.
- Attended project review meetings for three projects above as well as a general review meeting and project review of BMTC project.

American Recovery & Reinvestment Act (ARRA) Stimulus Funding for Rail Projects

- Continued coordination with City of Jackson on both the Bellissio Spur and general track rehabilitation.
- Continued coordination with WESTCO on bridge and track work projects.
- Continued coordination with W&LE on rehab projects.
- Participated in meetings on the developing method in which ARRA projects will be administered with ODOT, FHWA, and others.

PASSENGER PLANNING

Ohio Hub

- Participated in kick off meeting of PEIS for portion of Ohio Hub; reviewed scope and budget of the $7 million PEIS effort; continued coordination with PEIS consultants including meetings and telephone calls.

Amtrak /3C Corridor Investigations

- Wrote major sections of the Ohio ARRA application to FRA for $564 million for the 3C Quick Start including the general overview and service development plan.
- Provided significant input to most parts of the ARRA application including the finance plan, the management plan, the RR agreements, and other portions of the application.
- Administered the RL Banks report on 3C stations that was included in the ARRA application.
- Administered the Parsons Brinckerhoff revenue and ridership study that was needed as part of the environmental review of the 3C Quick Start.
- Reviewed Amtrak Scope of Work and made recommendations for changes for further Amtrak study of the 3C.
- Coordinated with all 8 local areas involved in current 3C station stops by getting them the RL Banks report, the Amtrak report, and relevant portions of the Ohio ARRA application.

Other Passenger Initiatives

- Continued coordination with the MWRRI study effort. Attended two day meeting in Chicago.
- Continued administering Parsons Brinckerhoff study of HSR on 3C which is partially funded by FRA.
- Continued supporting local efforts to develop passenger service, particularly in west Cleveland.

- Kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.

OTHER PLANNING INITIATIVES

Panhandle Lease Sub-Committee: Participated in meeting with sub-committee and G&W officials.
State Rail Plan: Provided detail technical review of draft document; provided review of "project selection framework" report; participated in meeting with new Wilbur Smith Rail Plan leadership. (Project lead left Wilbur Smith in late October.)

MISCELLANEOUS

- ***SCORT:*** Participated in 3 day SCORT conference in Oklahoma City and followed up with a report on issues that could impact 3C ARRA application.
- ***US RAIL Car:*** Helped coordinate 3C efforts with US Rail Car efforts to start new manufacturing plant in Gahanna; investigated 3C clearance issues for US Rail bi-level equipment.
- ***Liability Task Force:*** No activity.
- ***HR Task Force:*** Wrote detailed analysis of all the major activities and projects ORDC Staff is responsible for; participated in two HR meetings.

SAFETY

- Low attended OL training to keep status as active OL presenter.

WPDOCS/AccomplishmentsCommission

OHIO RAIL DEVELOPMENT COMMISSION
INTER-OFFICE COMMUNICATION

TO: **Matthew Dietrich, Executive Director**

FROM: **Susan J. Kirkland, Manager, Grade Crossing Safety Section**

SUBJECT: **Safety Section Progress Report**

DATE: **November 10, 2009**

The following major objectives were met by the Safety Section during the last two (2) months:

- November 15-18, 2009 I will attend the 2009 National Highway - Rail Grade Crossing Safety Conference and Training in New Orleans. Texas Transportation Institute hosts the event and the conference is funding my travel so that a session can be presented on the Springfield Corridor Safety and Quiet Zone project.

- The ORDC and ODOT - Office of Traffic project to review preempted traffic signals with highway-rail grade crossings is moving forward rapidly. Our consultant, CTC, has completed the new Ohio standard on railroad preemption. The new standard was presented at a series of 5 regional trainings the first week of November. Our project and the new standard have been well received. During early December two detailed training sessions will be conducted in the ODOT Auditorium. The sessions will be two days in length and will train traffic signal consultants on the new standard.

- A CSX crossing on Ulsh Road, TR250, in Marion County, Claridon Township was identified by the ORDC and a diagnostic team for closure. Months of negotiation took place between the local highway authority, CSX and the ORDC without agreement. Subsequently on February 18, 2009 CSX petitioned the PUCO for the closure of Ulsh Road. On October 28, 2009 PUCO found that the crossing should be closed.

- Of the nine American Recovery and Reinvestment Act (ARRA) rail safety projects five of the projects have been approved for construction. The Safety Section is moving rapidly to secure agreements on the remaining four of these projects and get the funds secured by early 2010.

- ODOT's Division of Finance and Forecasting has moved forward with the release of audit circulars for our safety projects. The final circulars have been distributed to all Ohio railroads for one last comment period. ODOT's goal is to have the circulars adopted by Jan. 1, 2010.

MEMORANDUM
November 9, 2009

TO: ORDC Commissioners
FROM: Megan McClory
SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from September 3, 2009 to November 9, 2009:

1. **Financial Statements.** Staff has prepared statements to reflect current outstanding loans, revenue collection, and project balances.

2. **ARRA Projects.** ORDC has been working with colleagues at ODOT and the Ohio Division of the Federal Highway Administration to administer approximately $64 million of Ohio's ARRA funds for rail-related projects. The first twelve projects have been authorized by the Federal Highway Administration; the remaining projects must be authorized by early 2010. We are continuing to work through issues related to implementation to get construction started as soon as possible and to finalize project documents to secure federal authorization.

3. **Funding Applications.** ORDC submitted two applications for TIGER (Transportation Investment Generating Economic Recovery) projects as approved by the Commission at its September meeting. Those projects are the CSX National Gateway initiative (double-stack clearances) and the US Railcar application for a Gahanna, Ohio, manufacturing facility. In addition, Fiscal Section staff provided assistance in completing the High Speed-Intercity Passenger Rail funding application to the Federal Railroad Administration for the 3C corridor and provided a letter of support for Indiana's application for the Toledo-Chicago corridor.

4. **Human Resources Committee Staffing.** Gloria Howard and I continue to provide staff support to the Human Resources Committee.

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending October 31, 2009

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	2,125,835.00	0.00	0.00	2,125,835.00	649,747.00	0.00	1,476,088.00	69.44%	GRANT (ALL)
GRF	465M	STATE	35,000.00	500.00	0.00	35,500.00	31,000.00	4,490.00	10.00	0.03%	PERSONAL SERVICE/OTHER
GRF	4651	STATE	754,000.00	0.00	16,714.15	737,285.85	0.00	242,281.39	495,004.46	67.14%	PAYROLL
GRF	4652	STATE	156,936.00	(500.00)	0.00	156,436.00	0.00	5,598.59	150,837.41	96.42%	OFFICE EXPENSE
	FUND TOTAL		**3,071,771.00**	**0.00**	**16,714.15**	**3,055,056.85**	**680,747.00**	**252,369.98**	**2,121,939.87**	**69.46%**	**FUND TOTAL - GRF**
7002	4FN7	FEDERAL	1,351,000.00	1,166,787.04	0.00	2,517,787.04	147,166.00	0.00	2,370,621.04	94.15%	GRADE CROSSING PAVEMENT
7002	4FPM	FEDERAL	12,000.00	0.00	0.00	12,000.00	0.00	0.00	12,000.00	100.00%	GRADE CROSSING PERSONAL SERVICE
7002	4FP1	FEDERAL	637,000.00	0.00	11,128.37	625,871.63	0.00	213,605.10	412,266.53	65.87%	GRADE CROSSING SAFETY'S PAYROLL
7002	4FP7	FEDERAL	11,000,000.00	5,084,693.16	0.00	16,084,693.16	2,559,377.79	412,337.21	13,112,978.16	81.52%	GRADE CROSSING DEVICES
	FUND TOTAL		**13,000,000.00**	**6,251,480.20**	**11,128.37**	**19,240,351.83**	**2,706,543.79**	**625,942.31**	**15,907,865.73**	**82.68%**	**FUND TOTAL - 002**
4N40	6FC9	OTHER	1,914,966.00	0.00	0.00	1,914,966.00	120,000.00	0.00	1,794,966.00	93.73%	RAIL TRAN - LOANS
4N40	6FD9	STATE	762,600.00	0.00	0.00	762,600.00	0.00	0.00	762,600.00	100.00%	PANHANDLE LEASE PAYMENT
4N40	6111	STATE	196,534.00	0.00	2,751.89	193,782.11	0.00	64,365.63	129,416.48	66.78%	PAYROLL(PROPERTY MGNT)
	FUND TOTAL		**2,874,100.00**	**0.00**	**2,751.89**	**2,871,348.11**	**120,000.00**	**64,365.63**	**2,686,982.48**	**93.58%**	**TOTAL - OTHER ASSISTANCE**
	GRAND TOTAL		**18,945,871.00**	**6,251,480.20**	**30,594.41**	**25,166,756.79**	**3,507,290.79**	**942,677.92**	**20,716,788.08**	**82.32%**	

ORDC - Loan Payback (Active Loans)
November 2, 2009

	Loans	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	App, Loan, Interest & Admin. Fees	Total Payments
FY03 Portage Cty Solid Wst Mgmt. *	$80,000	$16,495	$9,622							***$3,279***	***$83,279***
*FY04 Columbiana County Port Authority **	*$2,098,047*	*$430,072*	*$433,408*	*$216,704*						***$110,059***	***$2,208,105***
FY04 Maumee & Western *	$199,088	$29,502	$29,502	$17,209						***$8,460***	***$207,548***
FY05 Seneca-Sandusky-Tiffin Port Auth*	$290,000	$61,217	$10,203							***$16,267***	***$306,267***
FY05 Ashland RW (Mansfield Yard Rehab)*	$500,000	$106,935	$8,911							***$41,285***	***$541,285***
FY05 I&O (Fulton County Processing, Ltd)*	$242,335	$52,681	$8,780							***$24,266***	***$266,601***
FY07 Marion Industrial Center *	$273,000	$68,569	$68,569	$68,569	$22,856					***$32,078***	***$305,078***
FY07 WESTCO *	$308,000	$47,013	$50,026	$50,026	$50,026	$50,026	$25,013			***$35,760***	***$343,760***
FY08 WESTCO (Sugar Creek Bridge) *	$280,417	$40,060	$41,885	$43,189	$43,189	$43,189	$43,189	$17,995		***$20,147***	***$300,565***
FY07 Village of Leipsic *	$825,000	$126,923	$131,318	$135,713	$135,713	$135,713	$135,713	$67,857		***$52,702***	***$877,702***
FY09 Lancaster Port Authority *	$145,163	$48,952	$49,743	$29,017						***$4,911***	***$150,074***
FY09 WESTCO (Springfield/WCH) *	$400,000	$52,381	$57,143	$60,079	$60,345	$60,345	$60,345	$60,345	$5,029	***$20,513***	***$420,513***
FY09 Maumee & Western *	$90,000	$16,500	$18,339	$18,673	$18,700	$18,700	$1,558			***$3,871***	***$93,871***
FY06 Harrison Ethanol ***	$500,000										
FY06 Wheeling & Lake Erie ***	$150,000										
FY07 Wheeling & Lake Erie ***	$378,600										
FY08 MGQ, Inc. ***	$300,000										
FY08 City of Jackson ***	$300,000										
	$7,359,650	**$1,097,299**	**$917,450**	**$639,179**	**$330,831**	**$307,974**	**$265,819**	**$146,198**	**$5,029**	***$373,597***	***$6,104,647***

Loan Amount Received to Date: **$354,888**
Loan Balance Due: **$742,411**

*Loans Active
**Loans Paid Off
***Loans in Process

Revenue Received FY 2010
October 2009

Name	CT #	Invoice #	Reimburse-ments 7002/GRF	Refund 4N4(53490)	Gas & Oil Leases, Royalties and Other - 4N4 (49995)	ORDC Loan Payment - 4N4 Fees (29991)	Princ. (79955)	Inter. (79956)	Running Total
Ashland Railway		Electronic					8,715.34	195.87	292,380.05
I&O (FCP)		Electronic					4,258.26	131.81	296,770.12
Lancaster Port Authority		Electronic					4,032.30	0.00	300,802.42
MIC		Electronic					4,824.68	889.44	306,516.54
Maumee & Western RR		Electronic					2,346.47	112.00	308,975.01
SST Port Authority		Electronic					4,978.19	123.21	314,076.41
Village of Leipsic		Electronic					10,576.92	0.00	324,653.33
WESTCO #1		Electronic					3,666.67	0.00	328,320.00
WESTCO #2		Electronic					3,338.30	0.00	331,658.30
WESTCO #3		Electronic					4,761.90	0.00	336,420.20
Genesee & Wyoming	28	RA0019			2,500.00				338,920.20
Range Resources (Great Lakes)	29	RA0100/FY2009			250.00				339,170.20
Portage County Auditor	30	RA0012					1,347.37	27.20	340,544.77
Rail Staff (phone call reimbursement)	31		32.11						340,544.77
Resource Energy	32				43.26				340,588.03
Eastern States Railroad	33	RA0022(backpay)				15,586.90	5,338.89	1,079.30	362,593.12
Ohio Basic Minerals	34	Loan App Fee				500.00			363,093.12
Vilalge of Minerva	35	RA0025			250.00				363,343.12
Danny Kretzer (9 months)	35	RA0020			450.00				363,793.12
Gallagher Sharp	36	-			6.15				363,799.27
Carroll Electric Cooperative	36	RA0015			250.00				364,049.27
Genesee & Wyoming	36	APEX (Sept)			8,910.00				372,959.27
CGAS Exploration, Inc.	37	RA0023			281.39				373,240.66
Genesee & Wyoming	38	RA0026			2,500.00				375,740.66
First Energy Service	39	USRA 714-Ashtabula Cty./Easement			1.00				375,741.66
Columbia Gas Transmission	39	RA0099/FY2009/Partial (5/6)			1,250.00				376,991.66
Portage County (Solid Waste)	40	RA0021					1,349.05	25.52	378,366.23
		Monthly Total	32.11	0.00	16,691.80	16,086.90	59,534.34	2,584.35	94,897.39
		Grand Total	79.45	0.00	75,929.48	41,433.54	253,527.36	7,475.85	378,366.23

OHIO RAIL DEVELOPMENT COMMISSION: November 2009 Finance Report

GRF APPROPRIATION AVAILABLE FOR PROJECTS

GRF APPROPRIATION FOR PROJECTS		**1,405,050**
LESS: BUDGET REDUCTION (net)		
LESS: PROJECTS ENCUMBERED or DISBURSED		
Operation Lifesaver	**1,300**	
Ohio Basic Minerals	**30,000**	
Mercer Landmark	**100,000**	
Cleveland Commercial Randall Secondary	**110,000**	
Indiana & Ohio Midland Sub Phase II	**200,000**	
Indiana & Ohio Lancaster Industrial Track Rehab	**114,310**	
Ohi-Rail/Piney Fork Bridges & Crossings	**94,137**	
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED		
Bellaire Harbor Services	**80,000**	
LESS: PROPOSED GRF COMMITMENTS FOR FY 2010		
Ohio Central Swing Bridge Repair	**131,015**	
Indiana Eastern Railroad Bridge Repairs	**100,000**	
City of Lebanon LM&M Tourist Railroad Rehabilitation	**25,000**	
TOTAL	*985,762*	*-985,762*
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***419,288***

RAIL FUND 4N40 - REVOLVING LOAN FUND	**Uses of funds**	**Spending Authority**	**Cash**
Cash Balance as of 7/20/09			**5,575,550**
LESS: OPEN ENCUMBRANCES	1,718,000		
LESS: PANHANDLE RESERVE FUND	762,600		
TOTAL	*2,480,600*		*-2,480,600*
FISCAL YEAR 2010 APPROPRIATION		**2,111,500**	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgeted)	196,534		
LESS: PROJECTS ENCUMBERED or DISBURSED			
Ohio Basic Minerals	**120,000**		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
LESS: PROPOSED COMMITMENTS FOR FY 2010			
Ashland Railway Mansfield to Willard Line (Loan)	**280,000**		
Columbus & Ohio River; Marne Bridge (Grant)	**136,855**		
TOTAL	*733,389*	*-733,389*	*-2,111,500*
APPROPRIATION BALANCE OF FUND 4N40 AVAILABLE FOR PROJECTS		***1,378,111***	
ADDITIONAL CASH BALANCE OF FUND 4N40 AVAILABLE*			***983,450***

**Funding projects beyond the appropriation balance would require Controlling Board approval.*

FY 2010 Project Balance Summary

Remaining GRF Appropriation for Projects	**419,288**
Remaining 4N40 Appropriation for Projects	**1,378,111**
Balance of ORDC Appropriations for Projects	**1,797,399**

PROJECT BRIEFING:
ASHLAND RAILWAY MANSFIELD TO WILLARD LINE LOAN

November 10, 2009

Project Funding		Project Benefits
* ORDC Loan	$280,000	* Improves Safety
* ASRY Equip & Forces	$467,512	* Eliminates Excepted Track/Improves Speed
		* Improves RR Efficiency/Cuts Operating Costs
		* Positively Impacts 14 Shippers/2,234 Employees

INTRODUCTION: Ashland Railway, Inc. (ASRY) requests a loan of up to $280,000 for the rehabilitation of 9 miles of the Mansfield to Willard Line (MP 76 to MP 85) to take track from "Excepted" status to FRA Class II standards. ORDC loan funds will be used to purchase materials that ASRY will install with its own equipment and its own forces over the course of the 2010 construction season.

ORDC Staff requests that ORDC Commissioners empower the Executive Director to set final terms and conditions of the loan. ORDC intends to structure a 5 year loan with and interest rate of 2/3 of the Prime rate at the time of closing, or at the time of Commission approval, whichever is lesser, and to obtain collateral in the form of a Letter of Credit or an appropriate lien on ASRY property.

BACKGROUND

Brief History of ASRY: ASRY started operations in 1986 on a 31.5 mile long line owned by the Community Improvement Corporation of Ashland between Mansfield & West Salem. ODOT Rail had helped the CIC purchase the line from Conrail with an $840,000 grant, a 60% share of purchase costs. The $560,000 local share was paid by shippers who were reimbursed by ASRY. In 1997, ASRY purchased the 26.4 mile long line from Mansfield to Willard from CSX. ORDC loaned ASRY $877,827 to make this purchase. (ASRY fully repaid the loan on time.) Subsequently, ASRY purchased the CIC portion of the line and now owns both the Mansfield to Willard and Mansfield to West Salem legs. A map of the ASRY lines is included as Exhibit "A".

ASRY connects to CSX in its major classification yard in Willard, to NS in Mansfield, and to the Wheeling & Lake Erie in Plymouth. ASRY's major yard is in Mansfield.

In the early days of its operations, ASRY was a marginal branchline, serving Ashland and West Salem shippers which generated about 1,200 cars of traffic a year. ODOT Rail has helped ASRY on its W. Salem operations with rehabilitation grants in 1989 ($141,510), 1990 ($164,979), and in 2001 ($250,000). All state grants were matched by an ASRY share.

ASRY has built both legs of its operations to a very substantial operation. For the three year period from 2006 to 2008, ASRY averaged over 12,000 carloads of traffic a year, or about 207 cars per mile of operations. Its major customers are AK Steel and Omni in Mansfield. In all, ASRY serves 14 customers on its lines which employ about 2,234 people. ASRY has continually upgraded its yard in Mansfield. ORDC helped in 2004 with a $500,000 loan to help ASRY repair 4,500 ft. of Mansfield Yard track. (ASRY again paid the loan back on time.)

Continuing Issues on Willard Leg of ASRY: The Mansfield to Willard Line is an important part of the ASRY system for two reasons, first for generating rail traffic from 5 rail users, and second, because it is the ASRY connection into CSX' major classification yard at Willard. Over the last three years, ASRY has averaged 5,774

carloads of freight from and over the Willard Line. This equates to about 219 carloads of freight per mile of operations.

Operations on the Willard Line have been hampered by a section of poor track which has been put into "Excepted" condition between MP 76 and MP 85. Slow speeds on this section of track mean increased crew times and inefficient operations between Mansfield and the CSX Willard Yard. ASRY estimates that crew and locomotive expenses can be cut as much as $239,000 per year with 20 MPH train speeds on FRA Class II track instead of 10 MPH or less train speeds on Excepted track. Crew and locomotive hours on the Willard Line would be reduced by up to 520 hours a year.

PROJECT DESCRIPTION: The major rehabilitation work needed on the MP 76 to MP 85 section of the track consists of ties, surfacing, and crossing repair. Exhibit "B" provides a milepost by milepost listing of the needed material purchases while Exhibit "C" provides an estimate of the costs to use ASRY equipment and ASRY crews to install the materials listed in Exhibit "B" over the course of the 2010 construction season.

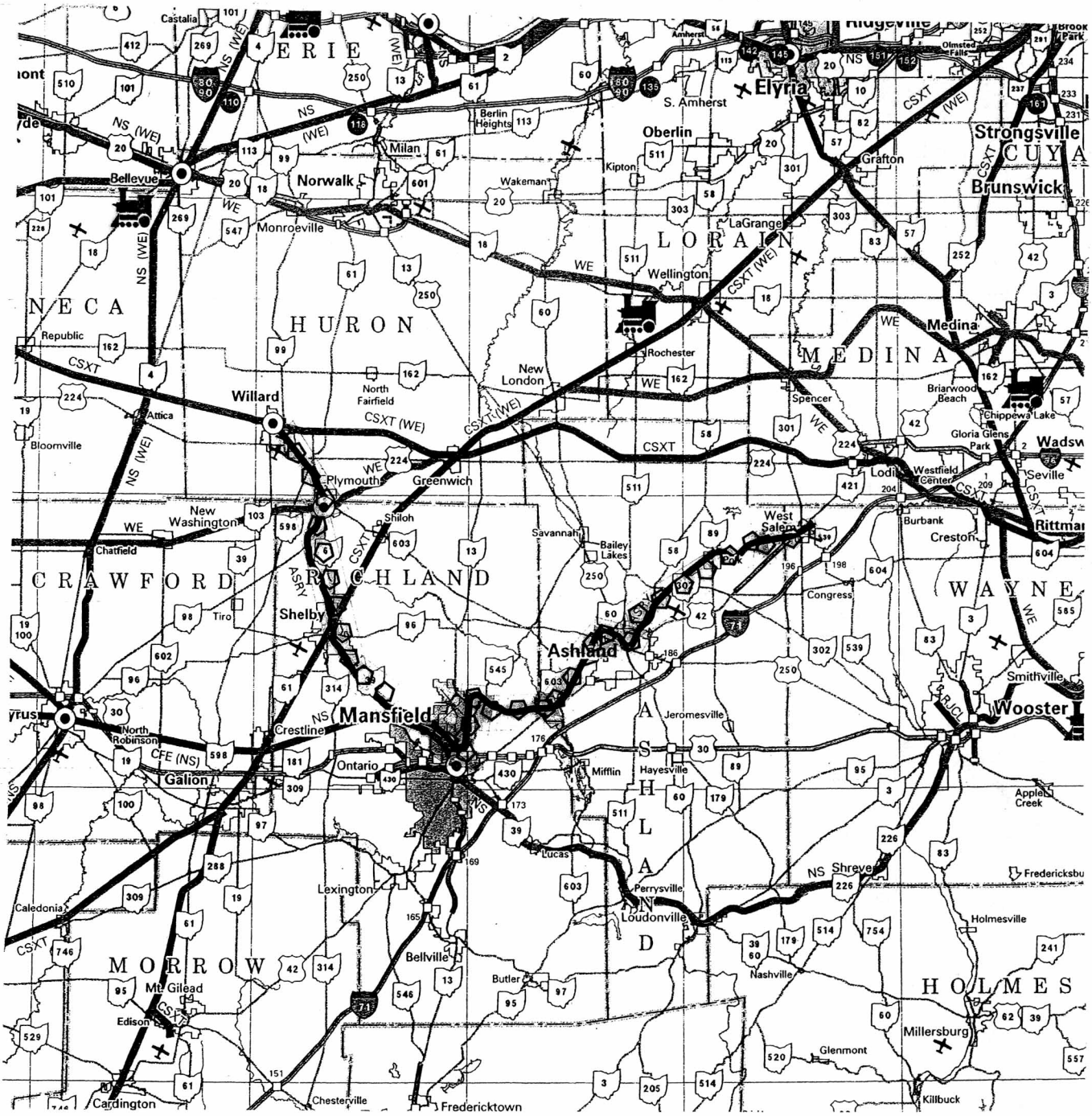
WHY ORDC FUNDING IS NEEDED: ORDC funding will help ASRY eliminate Excepted track in a timely manner.

PROJECT BENEFITS:

- Improves track safety.
- Improves operating efficiency by reducing crew and locomotive costs by as much as $239,000 a year.
- Positively impacts 14 rail users which employ 2,234 people.

OTHER CONTRIBUTIONS: ASRY will repay the ORDC loan and will also contribute about $467,512 in equipment and labor costs.

SPECIAL CONTINGENCIES: ORDC Staff requests that ORDC Commissioners empower the Executive Director to set the final terms and conditions of the loan.



ooooooooooooo ASRY LINES

TRACK REPAIR MATERIAL BUDGET
To Raise FRA class of track to Class 2
Between MP76.0 & MP85.0

Updated: 8-20-09	MP76.0 to MP77.0				MP77.0 to MP78.0				MP78.0 to MP79.0				MP79.0 to MP80.0			
Materials	Units	Quantity	Cost/Unit	Total/Item	Units	Quantity	Cost/Unit	Total/Item	Units	Quantity	Cost/Unit	Total/Item	Units	Quantity	Cost/Unit	Total/Item
Ballast, No. 4 Limestone	tons	-	9.00	-	tons	-	9.00	-	tons	-	9.00	-	tons	-	9.00	-
Angle Bars 112RE Relay 6 hole	pairs	-	36.14	-	pairs	-	36.14	-	pairs	-	36.14	-	pairs	-	36.14	-
Crossties 7"X9"X8'6" (Relay)	ea	1,137	22.00	25,014.00	ea	1,235	22.00	27,170.00	ea	1,257	22.00	27,654.00	ea	1,250	22.00	27,500.00
Rail Anchors, Drive on 5 1/2" & 6"	ea	1,000	0.90	900.00	ea	1,000	0.90	900.00	ea	1,000	0.90	900.00	ea	1,000	0.90	900.00
Spikes (5/8" X 5/8" X 6) - New	keg	35	73.00	2,555.00	keg	46	73.00	3,358.00	keg	50	73.00	3,650.00	keg	46	73.00	3,358.00
Switch Ties set 7"X9" for no. 10	set	-	3,895.00	-	set	-	3,895.00	-	set	-	3,895.00	-	set	-	3,895.00	-
Crossties 7"X9"X8'6" (New IG)	ea	-	44.00	-	ea	-	44.00	-	ea	-	44.00	-	ea	-	44.00	-
Tie Plates DS 6 hole Relay 5 1/2" & 6"	ea	50	4.50	225.00	ea	50	4.50	225.00	ea	50	4.50	225.00	ea	50	4.50	225.00
Crosstie disposal	ea	-	2.00	-	ea	-	2.00	-	ea	-	2.00	-	ea	-	2.00	-
				-				-				-				-
Total Crossties for Project:				$28,694.00				$31,653.00				$32,429.00				$31,983.00
10,752	Hazel Brush Road				Twp 62				Kuhn Road & St Rte 98							

Grand Total of material for Project:
$279,435.00

AUG-26-2009(WED) 11:34 P.010/018

MP80.0 to MP81.0			
Units	Quantity	Cost/Unit	Total/Item
tons	-	9.00	-
pairs	-	36.14	-
ea	1,400	22.00	30,800.00
ea	2,000	0.90	1,800.00
keg	55	73.00	4,015.00
set	-	3,895.00	-
ea	-	44.00	-
ea	50	4.50	225.00
ea	-	2.00	-
			-
			$36,840.00

MP81.0 to MP82.0			
Units	Quantity	Cost/Unit	Total/Item
tons	-	9.00	-
pairs	-	36.14	-
ea	950	22.00	20,900.00
ea	1,000	0.90	900.00
keg	30	73.00	2,190.00
set	1	3,895.00	3,895.00
ea	-	44.00	-
ea	50	4.50	225.00
ea	-	2.00	-
			-
			$28,110.00

W&LE crossing & Plymouth

MP82.0 to MP83.0			
Units	Quantity	Cost/Unit	Total/Item
tons	-	9.00	-
pairs	-	36.14	-
ea	1,088	22.00	23,936.00
ea	500	0.90	450.00
keg	33	73.00	2,409.00
set	-	3,895.00	-
ea	-	44.00	-
ea	50	4.50	225.00
ea	-	2.00	-
			-
			$27,020.00

MP83.0 to MP84.0			
Units	Quantity	Cost/Unit	Total/Item
tons	-	9.00	-
pairs	-	36.14	-
ea	1,185	22.00	26,070.00
ea	1,000	0.90	900.00
keg	36	73.00	2,628.00
set	-	3,895.00	-
ea	-	44.00	-
ea	50	4.50	225.00
ea	-	2.00	-
			-
			$29,823.00

State Rte 598

MP84.0 to MP85.0			
Units	Quantity	Cost/Unit	Total/Item
tons	-	9.00	-
pairs	-	36.14	-
ea	1,250	22.00	27,500.00
ea	2,000	0.90	1,800.00
keg	46	73.00	3,358.00
set	-	3,895.00	-
ea	-	44.00	-
ea	50	4.50	225.00
	-	2.00	-
			-
			$32,883.00

State Rte 224

11 B 11
2 of 2

Main Line Rehab MP76 to MP85

All work to be performed by ASRY employees using ASRY owned equipment. **"Tie Changeout days"** includes time spent changing ties, spiking ties and replacing missiing tie plates and rail anchors. **"Resurface Days"** includes time spent unloading and distributing ballast, surfacing and lining track, and regulating and dressing ballast. Surfacing days are estimated based on one pass with the surfacing machine. There are some limited locations where more than one pass with the surfacing machine will be necessary. **"Switch tie days"** includes changing switch ties, spiking ties and replacing missing tie plates and rail anchors.

Equipment	Rate/day	Tie changeout days	Resurface Days	Switch tie days	Totals
Backhoe	360.00	143.00	0.00	5.00	53,280.00
Gang Truck	144.00	143.00	80.00	5.00	32,832.00
Hirail Grapple Truck	960.00	143.00		5.00	142,080.00
Hirail Dump Truck	192.00	40.00	50.00	0.00	17,280.00
Surfacing/lining Tamper	400.00		72.00	0.00	28,800.00
Ballast Regulator	320.00		72.00	0.00	23,040.00
Tie Inserter	320.00	143.00		5.00	47,360.00
Tie Handling Machine	280.00	143.00		5.00	41,440.00
Spike Driver	300.00	143.00		5.00	44,400.00
Semi/flat bed equip hauler	250.00	143.00		5.00	37,000.00
Labor					0.00
Laborer X 3	432.00	143.00	0.00	5.00	63,936.00
Machine Operator X 2	320.00	143.00	80.00	5.00	72,960.00
Foreman X 2	352.00	143.00	80.00	5.00	80,256.00
Roadmaster	224.00	143.00	80.00	5.00	51,072.00
TOTALS					**$467,512.00**

RESOLUTION 09-24

RE: ASHLAND RAILWAY WILLARD LINE LOAN

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE ASHLAND RAILWAY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to Ashland Railway, Inc. (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By_____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	____	abstained	____ recused
Robert Greenlese	____	yes	_____	no	_____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	_____	no	_____	absent	____	abstained	____ recused
William Lozier	____	yes	_____	no	_____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	_____	no	_____	absent	____	abstained	____ recused
Jolene M. Molitoris	____	yes	_____	no	_____	absent	____	abstained	____ recused
William Murdock for Lisa Patt-McDaniel	____	yes	_____	no	_____	absent	____	abstained	____ recused
Larry Sowers	____	yes	_____	no	_____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	_____	no	_____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/19/2009

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/19/2009
James G. Bradley, Chairman Date

EXHIBIT A

A loan to the Company pursuant to Section 4981.032 of the Ohio Revised Code in the amount up to Two Hundred Eighty Thousand Dollars ($280,000) (the "ORDC Loan") to rehabilitate 9 miles of the Mansfield to Willard Line (MP 76 to MP 85) in Huron and Richland Counties to take the track from "Excepted" status to FRA Class II standards ("Rail Service Project"). The terms of the ORDC Loan shall be determined by the Executive Director of ORDC.

The ORDC Loan is subject to the following condition:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Loan.

2. The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

APPROVED PROJECT BRIEFING:
REPAIR OF OHIO CENTRAL SWING BRIDGE OVER THE MUSKINGUM RIVER PARKWAY CANAL

November 10, 2009

Project Costs	
ORDC Grant	**$131,015**
Ohio Central Funds	**$131,015**
Ohio Central Partial Upgrade (09)	**$125,000**

Project Benefits

Repairs 102 Yr. Old Bridge
Helps RR Meet Federal Mandate to Open Bridge for Recreational Boats
Reduces RR Operating Costs
Addresses Decades of Deferred Maintenance

INTRODUCTION: The Ohio Central Railroad (OCRR) requested that ORDC provide up to $131,015 as a dollar for dollar match to make needed repairs to Bridge T – 16.80, a swing bridge in Zanesville over a navigable waterway, the Muskingum River Parkway Canal (the Canal). The repairs to the bridge will enable the bridge to be opened mechanically to Muskingum waterway traffic. It is now manually opened.

BACKGROUND: Bridge T – 16.80, the "Swing Bridge", was built in 1897. It is a 119 ft. long deck plate girder bridge that is contiguous with a larger, longer thru truss bridge over the Muskingum River. The Canal is parallel to the Muskingum on the North side of the river through the Zanesville area. The map included as Exhibit "A" shows where the Swing Bridge is on the Ohio Central Railroad. The map included as Exhibit "B" shows the precise location of the Swing Bridge, Canal, and Muskingum River in Zanesville.

Logistics of Opening and Closing Bridge: When the Swing Bridge is closed to Canal traffic, it appears to be twin, 60 ft. spans that meet in the center on a center pier in the Canal. When the Swing Bridge is open, the entire, one piece, 119 ft. span moves on a swing table until the span is parallel to the banks of the Canal. The Swing Bridge at one time had an electric motor to power the movement of the single span but this system was dismantled long before the Ohio Central bought the bridge in January, 2001 from CSX Transportation. The process to open and close the bridge at present is labor intensive, requiring up to 6 people. Here is the sequence of events for bridge opening and closing:

1) Unbolt rail joint bars; 2) Install jacks and raise north end of span; 3) Remove North bearing blocks; 4) Lower & remove jacks; 5) Remove blocking on center swing pier & retract cast wedge; 6) Retract cast wedge at the South end of the span; 7) Operate swing span by pulling bridge span with a cable attached to a truck or back hoe located on the shore; 8) Reverse the procedure to close.

The opening and closing of the Swing Bridge to Canal traffic is very time consuming. Considering the travel time to and from the bridge by Ohio Central personnel, it can take from 3 to 6 hours to perform this task.

In addition to the added operating expense, the opening and closing of the Swing Bridge poses another economic concern. The continual movement of the bridge has resulted in shimmies during the operation. There is some concern that the pivot bearings of the bridge on which the bridge turns could fail leaving the Swing Bridge partially open so that neither large boat Canal traffic nor rail traffic could pass. OCRR has no alternative for routing for traffic between the Ohio Southern and Ohio Central Railroads so a failure of this kind would shut down that portion of the railroad until repairs could be made. In the meantime, freight normally handled by rail would clog Zanesville area roads.

Finally, there is a safety concern with the current operations. The need for OCRR personnel to be out on the bridge and deal with moving and jacking up the structure and its components presents the possibility of serious injury.

Fortunately, the Swing Bridge remains open to the OCRR and closed to Canal traffic most of the time. There has not been any freight commerce using the Canal and Muskingum River in the Zanesville area for many years. The only reason that the bridge needs to be open to Canal traffic is for large pleasure craft such as house boats and for the tourist stern wheeler cruise ship, the Lorena. Other pleasure boats using the Canal have no issue getting under the Swing Bridge which is 14 ft. above water level. The OCRR only needs to open the bridge about 10 to 25 times a year. The Muskingum River and Canal system is still classified as navigable by the US Coast Guard which oversees navigable waterways. (The Ohio Department of Natural Resources controls the Canal for all other purposes.) The OCRR would be subject to Coast Guard fines up to $10,000 per occurrence for failing to open the bridge to Canal traffic that cannot pass under the bridge.

Rail Traffic Depending on the Swing Bridge: OCRR traffic over the Swing Bridge includes coal traffic from Perry and Athens Counties (Oxford Mining and Buckingham Coal) heading to the Conesville power plant near Coshocton, construction and demolition debris heading to the Tunnel Hill Reclamation site on the Ohio Southern in Perry County, scrap steel in the Zanesville area for Muskingum Iron and Metal, and cullet and soda ash for Owens-Brockway in Zanesville. The companies depending on these rail movements employ approximately 700 people. In 2008, 22,700 carloads moved over the Swing Bridge.

PROJECT DESCRIPTION: The needed bridge work that is the subject of this request is as follows:

ORDC – OCRR Swing Bridge Project

Work	Units	Unit Costs	Total Costs
Bridge Deck Replacement	**95 Timbers**	**$450**	**$42,750**
Rail Replacement	**319 ft.**	**$65**	**$20,280**
Approach Repairs			**$4,000**
Miter Joints			**$150,000**
Structural Repairs			**$45,000**
Total			**$262,030**

In addition to the repairs above, the OCRR is in the process of completing the following additional repairs at a cost of approximately $125,000.

OCRR In Kind Repairs

Hydraulic System	**1**	**$74,500**	**$74,500**
Bearing Wedges and Jacks	**6**	**$ 4,494**	**$26,964**
Structural Repairs			**$23,536**
Total			**$125,000**

Upon completion of these projects, the operations of the Swing Bridge will be totally mechanically performed. To open and close the bridge will only require 1 person and will be accomplished in approximately one hour. The bridge operations will be performed by one person using a handheld remote control.

The ORDC sponsored repairs will be done via a competitive bid process. The OCRR will be responsible for continued maintenance.

WHY IS ORDC FUNDING NECESSARY: But for the requirements of recreational boaters, the Swing Bridge could be kept open to rail traffic at all times and not be required to be opened and closed by the OCRR for Canal traffic. In addition, the OCRR inherited years of deferred maintenance on the bridge mechanisms.

ORDC funding is needed to help OCRR meet unfunded federal navigational requirements and to help catch up to deferred maintenance issues.

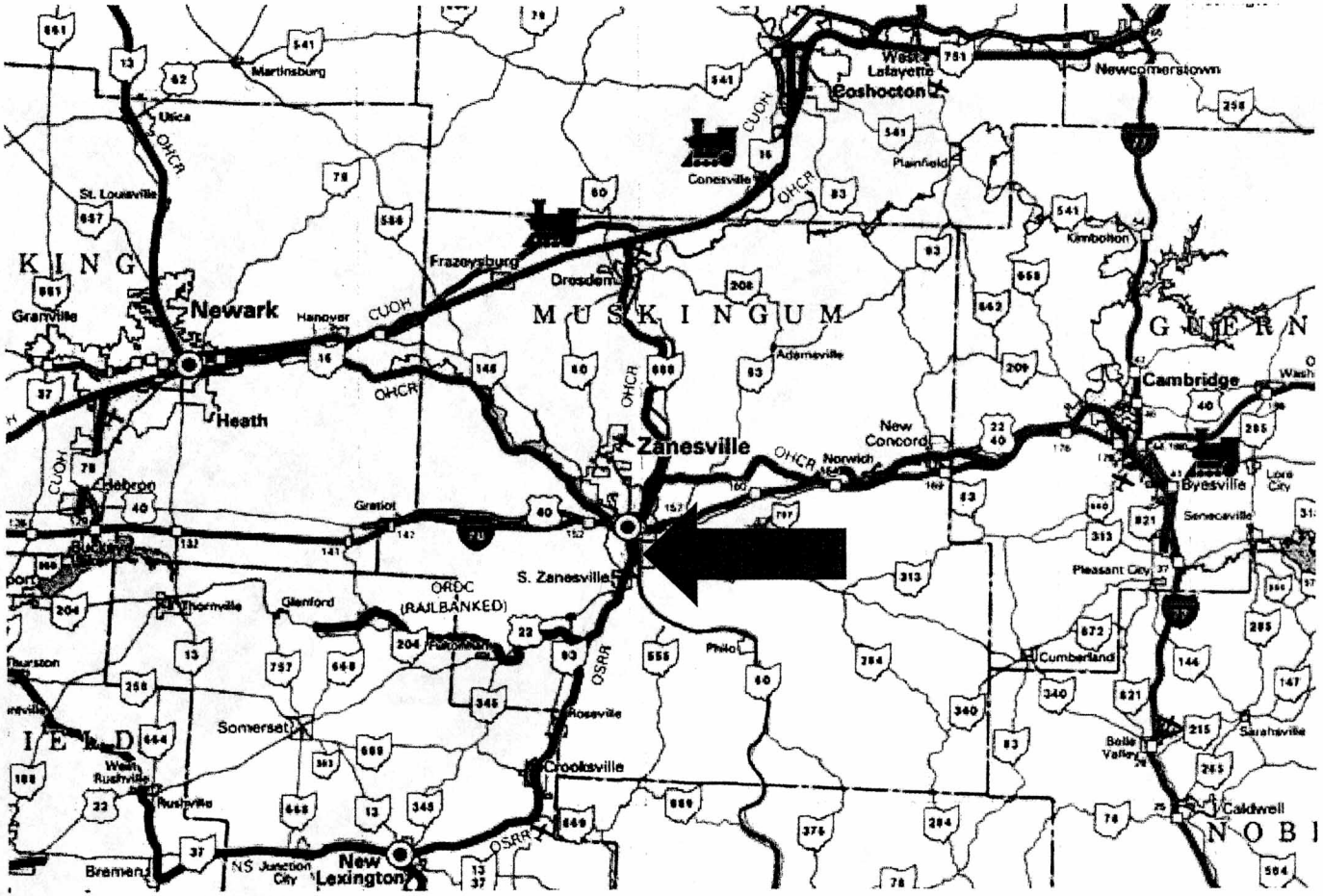
PROJECT BENEFITS

- Canal kept open for recreational traffic.
- OCRR saves between 180 to 450 person hours of operations.
- 102 year old bridge made safer for OCRR employees.
- Deferred maintenance corrected.

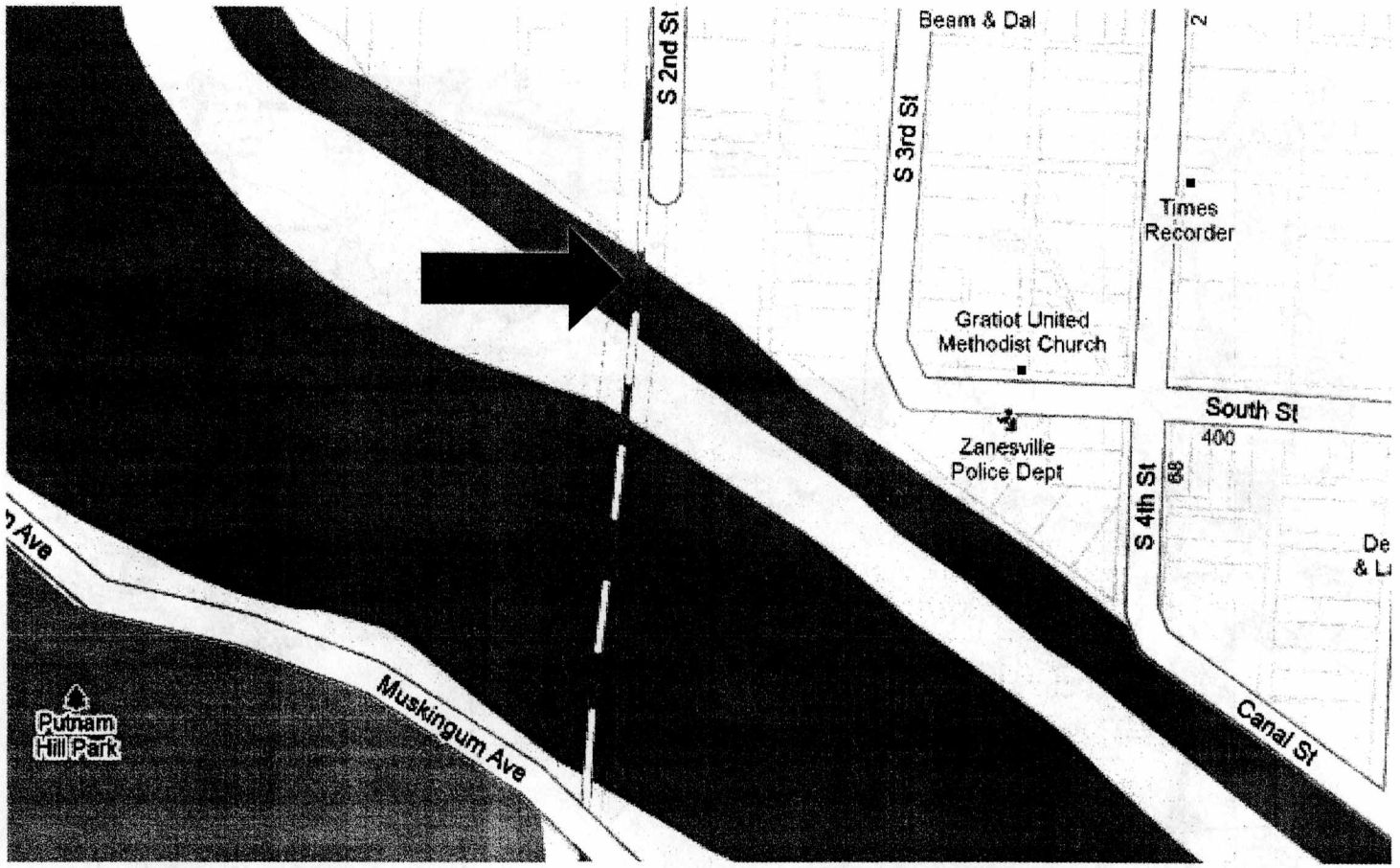
OTHER CONTRIBUTIONS: The Ohio Central has made other recent repairs on the Swing Bridge valued at $125,000. The ORDC sponsored project will complete repairs the Ohio Central had already started.

W:OCSwingBridge

Swing Bridge on OCRR System "A"



Location of Swing Bridge "B"



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Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 10, 2009

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **REPAIR OF OHIO CENTRAL SWING BRIDGE OVER THE MUSKINGUM RIVER PARKWAY CANAL** and dated November 10, 2009, as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

APPROVED PROJECT BRIEFING:
INDIANA EASTERN RAILROAD BRIDGE REPAIRS

November 10, 2009

Project Funding		Project Benefits
* ORDC Grant up to	$100,000	* Improves Safety of Ohio Track
* INRR Match up to	$100,000	* Improves Safety for Haz Mat Traffic
		* Maintains Class II Track/Service Velocity
		* Line Serves Rail-Dependent Ohio Shippers Employing 125 & Good Development Sites

INTRODUCTION: The Indiana Eastern Railroad, LLC (IERR) requested a grant of up to $100,000 to repair bridges at MP 19.90, MP 20.00, MP 24.90, MP 25.70, and MP 27.00. Repairs include only items identified by expert rail bridge engineers to be of Priority 2 (Condition unsafe & could fail at any time; repair as soon as possible) or Priority 3 (Condition could become unsafe; repair in near future). IERR would match ORDC funding dollar for dollar.

BACKGROUND

IERR Operations: IERR has a long term lease agreement with CSX Transportation to operate what CSX called the Richmond Subdivision from Richmond, Indiana (MP 61.9) to Fernald, Ohio (MP 18.9), a distance of 43 miles. The IERR was formed and commenced operations in late August, 2005. IERR partners manage the railroad with the assistance of an on-site General Manager. IERR has train crews that utilize the four IERR locomotives to serve customers. IERR contracts out for locomotive and track maintenance. As it grows, IERR plans to develop track maintenance capabilities and to buy some limited track maintenance equipment. IERR generally operates 5 days a week in Indiana, and serves Ohio shippers 3 days a week, with all operations performed during daylight hours.

In the four years the IERR has operated the Richmond Subdivision, it has invested in the line even if it resulted in small losses for the year. This is in line with the IERR corporate goal of ridding the line of all deferred maintenance in five years. The current economic downturn has forced IERR to set back this goal two years. Currently the Ohio portion of the line is more profitable than the Indiana section.

Line Description: The IERR crosses the Ohio – Indiana border at Milepost 33.1. The IERR has only one interchange, with CSX at Cottage Grove, Indiana (MP 45) where the CSX Cincinnati to Indianapolis mainline crosses the IERR at grade. There are several interchange tracks at Cottage Grove and that is where the IERR operations are headquartered. Therefore, IERR trains serving Fernald (south of Cottage Grove) traverse the line between MP 45 at Cottage Grove and MP 18.9 at Fernald, a distance of 26.1 miles, of which 11.9 miles are in Indiana and 14.2 miles are in Ohio. Richmond is 16.9 miles north of the Cottage Grove so IERR service to Richmond has no impact on tracks needed to serve Ohio customers. The map included herein as Exhibit "A" shows the entire IERR operation.

The IERR track is generally in FRA Class II condition with IERR trains operating at speeds up to 25 MPH. The good track conditions and track speeds have enabled IERR to keep operating costs down. Maintaining track speeds has required extensive track work since IERR started operations. This work included the installation of 3,960 ties in 2006, 1,065 ties in 2007, 2,370 ties in 2008, and 2,500 ties in 2009 as well as related surfacing and related work. IERR has averaged over $11,000 per mile in track investment over this four year period.

Rail Use: There are several customers on the 16.9 mile long Indiana portion of the line between the Cottage Grove interchange with CSX and Richmond including Cargill (grain and fertilizer), Richmond Power and Light (inbound coal), Union County Coop (grain and fertilizer) and Recycle Center (scrap steel). These customers

have generated about 2,800 carloads of freight a year in good years but have only generated 1,133 in the first 10 months of 2009. The reduction in Indiana carloadings reflects that local corn has been trucked to local ethanol plants rather than railed to poultry and pig farms in the south and southeast as well as reductions in scrap metal and coal traffic due to the recession.

On the 26.1 mile long Cottage Grove, Indiana to Fernald, Ohio segment of the track there are no rail users in Indiana. The IERR needs to traverse about 23 miles of track before reaching the first customer on this line segment, Marathon Oil which stores loaded cars of hazardous materials (LPC, butane, and pentane) at the Shandon Siding at MP 22. Two chemical plants which receive inbound materials, most of which are hazardous materials, are located near the end of the IERR line in Fernald, PCS Phosphates Company (Phosphoric Acid & Potassium Hydroxide), and Nease Corporation (Cleaning compound, sodium hydroxide, Sulfuric Acid, Xylenes, Potassium Hydroxide). These two companies employ about 125 people. In 2008, the Ohio portion of the line generated 1,120 carloads of freight, up from 2007 when only 820 carloads were generated from the Ohio operations.

Development Opportunities in Ohio: There are several industrial development sites along the Ohio portion of the IERR including: 1) a former Seagrams distillery site (200+ acres) in Butler County which has utilities and an existing rail siding; 2) Fernald area properties near Nease and PCS owned by Liberty Park Place Industrial Park, CSX, and Garden Street Metals which have utilities and room (100+ acres) for development; and 3) an industrial zoned site on the Hamilton County, Butler County border with room for industry (150+ acres) and nearby utilities. Further, there are several plants near the IERR line which could use IERR rail service either by transloading from a passing siding in Fernald or from new spurs off the IERR including Garden Street Metals and Schaeffer Pallet Company. IERR has been successful in developing new Indiana customers, i.e. Richmond Power and Light and Union County Coop.

Overall Capital Improvement Needs: The IERR line was formerly a Chesapeake & Ohio Railroad mainline. As such, the track includes heavy (115, 122, 131 lb.) welded rail and the curvatures are super-elevated for 50 MPH speeds. The super-elevation of the line in curves is causing excessive wear on the low side rail. Eventually, the super-elevation should be reduced or eliminated. Crossing safety devices, where they exist, are calibrated for mainline speeds, not the 20 MPH speeds at which IERR operates.

In line with its philosophy to invest as much as possible in the rail line, IERR retained the highly regarded railroad engineering firm of Osmose to evaluate all IERR bridges. The Osmose evaluation is included herein as Exhibit "B". IERR has already performed most of the Priority 2 repairs listed on the evaluation sheet at the cost of $40,114. However, some Priority 2, and many Priority 3 work tasks remain.

PROJECT DESCRIPTION: The project for which ORDC will match IERR investments includes the remediation of as many Priority 2 and 3 work tasks as possible in the Exhibit B bridge analysis. IERR estimates that with the up to $200,000 available in the project (up to $100,000 from ORDC and up to $100,000 from IERR) the highlighted projects in Exhibit "B" will be performed. IERR will be responsible for ongoing maintenance of the improvements.

WHY ORDC FUNDING IS NEEDED: The ORDC grant is needed for IERR to continue to eliminate deferred maintenance on the line and to maintain 20 MPH train speeds during an economic downturn.

PROJECT BENEFITS

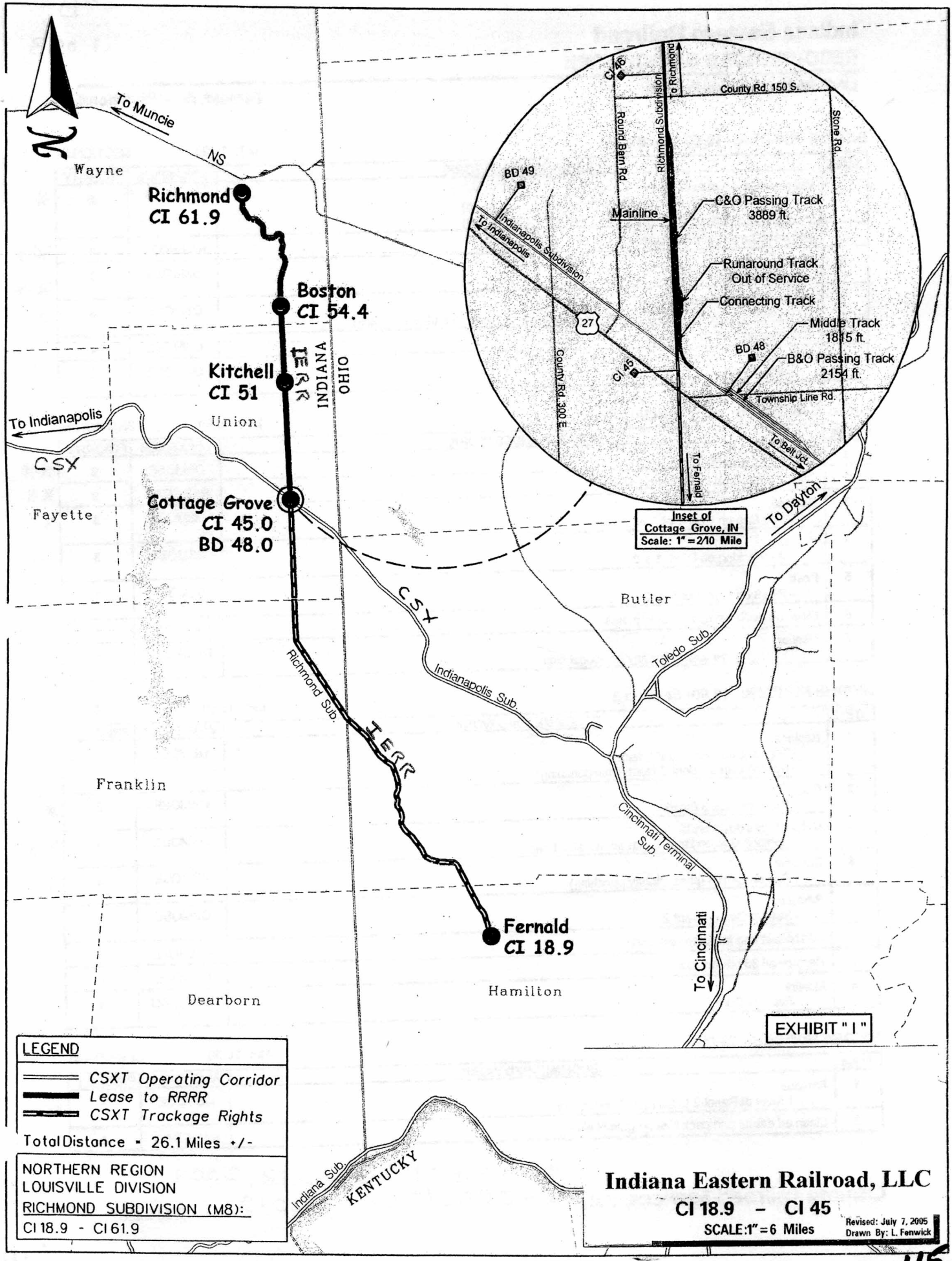
- Continues timely, effective rail service to two Ohio rail-dependent shippers employing 125 people.
- The bridge repairs in Ohio between will make the line safer for the haulage of hazardous materials and other traffic.

- Bridge improvements will mean that IERR will save time, crew costs, and locomotive costs in the service of Ohio rail users.

OTHER CONTRIBUTIONS: Only ORDC and IERR funding will be used for the projects described herein.

SPECIAL CONTINGENCIES: ORDC and IERR funds for this project will be used to fund as many as possible of the bridge repairs listed in Exhibit "B" as Priority 2 and 3.

w:IndianaEasternBridgesApprovedProjectBriefing


To Muncie
NS
Wayne
Richmond
CI 61.9
Boston
CI 54.4
Kitchell
CI 51
Union
INDIANA
OHIO
TERR
To Indianapolis
CSX
Fayette
Cottage Grove
CI 45.0
BD 48.0
Richmond Sub.
CSX
Indianapolis Sub.
Toledo Sub.
Butler
To Dayton
Franklin
TERR
Cincinnati Terminal Sub.
Fernald
CI 18.9
Hamilton
To Cincinnati
Dearborn
Indiana Sub.
KENTUCKY
CI 46
To Richmond
County Rd. 150 S.
Round Barn Rd.
Richmond Subdivision
Stone Rd.
BD 49
Mainline
C&O Passing Track
3889 ft.
To Indianapolis
Indianapolis Subdivision
Runaround Track
Out of Service
Connecting Track
27
Middle Track
1815 ft.
BD 48
B&O Passing Track
2154 ft.
CI 45
County Rd. 300 E.
Township Line Rd.
To Bell Jct.
To Fernald
Inset of
Cottage Grove, IN
Scale: 1" = 2/10 Mile
EXHIBIT "I"
LEGEND
CSXT Operating Corridor
Lease to RRRR
CSXT Trackage Rights
Total Distance - 26.1 Miles +/-
NORTHERN REGION
LOUISVILLE DIVISION
RICHMOND SUBDIVISION (M8):
CI 18.9 - CI 61.9
Indiana Eastern Railroad, LLC
CI 18.9 - CI 45
SCALE: 1" = 6 Miles
Revised: July 7, 2005
Drawn By: L. Fenwick

"B"
1 of 3

Indiana Eastern Railroad
RECOMMENDED BRIDGEWORK

LINE: Richmond Subdivision **Fernald, IN - Richmond, IN**

BRIDGE NUMBER: 19.90 Section 1 MP: 19.90 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Cut pile tops down and: - Replace Cap on Bent 1 with an oversized cap (crushed) - Replace Cap on Bent 2 with an oversized cap (crushed)	OSMOSE	2	*
2	Add ballast and tamp up approach	RAILROAD	3	**
3	Replace: - Sill in Bent 4	OSMOSE	3	**
4	Cut pile tops down and: - Replace Cap on Bent 3 with an oversized cap (vertical split, piles punching)	OSMOSE	3	**
5	Spot replace 8 bridge ties	OSMOSE	4	
6	Post: - Pile 1 of Bent 1	OSMOSE	4	

BRIDGE NUMBER: 19.90 Section 2 MP: 19.90 SECTION #2

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Replace all 82 bridge ties	OSMOSE	2	**
2	Clean off debis on lower flange angles	RAILROAD	3	**
3	Replace: - Top Cap on Row 1 of Pier 2	OSMOSE	3	**
4	Replace: - All Blocking on Piers 1 & 2	OSMOSE	3	**
5	Post: - Pile 3 on Row 1 of Pier 2	OSMOSE	4	
6	Clean off debis on upper cover plates	RAILROAD	4	
7	Monitor: - Lower flange angles for any additional pitting	RAILROAD	5	

BRIDGE NUMBER: 19.90 Section 3 MP: 19.90 SECTION #3

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Replace: - Top Cap on Bent 3 (end decay) - Bottom Cap on Bent 3 (split, piles punching)	OSMOSE	2	*
2	Post: - Pile 6 of Bent 3 (split)	OSMOSE	2	*
3	Cut post tops down and: - Replace Cap on Bent 1 with an oversized cap	OSMOSE	3	**
4	Replace: - Cap on Bent 4 (piles slightly punching)	OSMOSE	3	**
5	Replace: - Bottom Cap on Bent 2	OSMOSE	4	
6	Add ballast and tamp up approach	RAILROAD	4	
7	Replace all 33 bridge ties	OSMOSE	4	
8	Monitor: - Pile 3 of Bent 3	RAILROAD	5	

BRIDGE NUMBER: 20.00 MP: 20.00 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Replace: - 1 Rivet at Panel 2 to Stringer 1 connection	OSMOSE	3	**
2	Clean off debris and pack rust on gusset plates	RAILROAD	4	

* - Completed By IERR, 2009
** - ORDC/IERR, 2010

Osmose Railroad Services, Inc. 9/22/2008

"B"

2 of 3

Indiana Eastern Railroad

RECOMMENDED BRIDGEWORK

LINE: Richmond Subdivision **Fernald, IN - Richmond, IN**

BRIDGE NUMBER: 20.10 MP: 20.10 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY
1	Continue to inspect bridge on a regular railroad inspection schedule	RAILROAD	5

BRIDGE NUMBER: 21.90 MP: 21.90 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY
1	Pin and Grout: - Seams inside concrete pipe	OSMOSE	4

BRIDGE NUMBER: 23.10 MP: 23.10 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY
1	Shim: - Under south rail at Pier 1	OSMOSE	4
2	Add ballast and tamp up both approaches	RAILROAD	4
3	Monitor: - Piers and Abutments for any additional spalling and cracking with efflorescence	RAILROAD	5

BRIDGE NUMBER: 24.90 MP: 24.90 SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Replace: - Sill in Bent 5 (posts severely punching)	OSMOSE	2	*
2	Frame out: - Bent 4	OSMOSE	2	*
3	Cut post tops down and: - Replace Cap on Bent 5 with a double cap (posts 1 & 2 punching, bulging)	OSMOSE	3	**
4	Add ballast and tamp up both approaches	RAILROAD	3	**
5	Cut post tops down and: - Replace Cap on Bent 2 with a double cap	OSMOSE	4	

* - Completed by IERR, 2009

** - ORDC/IERR, 2010

"B"
3 of 3

Indiana Eastern Railroad
RECOMMENDED BRIDGEWORK

LINE: Richmond Subdivision — **Fernald, IN - Richmond, IN**

BRIDGE NUMBER: 25.70 Section 1 — MP: 25.70 — SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Add ballast and tamp up approach	RAILROAD	2	**
2	Cut pile tops down and: - Replace Cap and install an 8" subcap on Bent 1 (slight bulging)	OSMOSE	3	**
3	Replace: - Headwall (pushed west, undermined)	OSMOSE	3	**
4	Monitor: - Stringer 1 in Span 1	RAILROAD	5	

BRIDGE NUMBER: 25.70 Section 2 — MP: 25.70 — SECTION #2

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Replace: - Top cover plates - Top outside flange angles	OSMOSE	2	**
2	Replace: - Corbel 5 on Pier 2 (end decay) - Corbel 5 on Pier 2 (broken)	OSMOSE	3	**
3	Post: - Pile 4 on Row 2 of Pier 2	OSMOSE	4	
4	Heat straighten and strengthen: - Beam 1	OSMOSE	4	
5	Replace: - 1 South Tower Brace in Pier 2	OSMOSE	4	
6	Monitor: - Bottom outside flange angles for any additional pitting	RAILROAD	5	
7	Monitor: - Both beams for any additional impact damage	RAILROAD	5	

BRIDGE NUMBER: 25.70 — MP: 25.70 — SECTION #3

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Add ballast and tamp up approach	RAILROAD	3	**
2	Remove vegetation from bridge as neccessary	RAILROAD	3	**
3	Replace: - Chord 2 Shim on Bent 3	OSMOSE	3	**
4	Replace: - Sill in Bent 1	OSMOSE	3	**
5	Shim or Epoxy: - Over Pile 3 of Bent 2	OSMOSE	4	
6	Replace: - Stringer 1 in Span 2	OSMOSE	4	
7	Monitor: - Stringer 6 in Span 1	RAILROAD	5	

BRIDGE NUMBER: 27.00 — MP: 27.00 — SECTION #1

ITEM	RECOMMENDED WORK	WHO FIXES	PRIORITY	
1	Add ballast and tamp up both approaches	RAILROAD	3	**
2	Monitor: - Steel of DPG in all spans for any additional corrosion	RAILROAD	5	

** - ORDC/IERR, 2010

Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 10, 2009

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **INDIANA EASTERN RAILROAD BRIDGE REPAIRS** and dated November 10, 2009, as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

APPROVED PROJECT BRIEFING:
CITY OF LEBANON, LM&M TOURIST RAILROAD REHABILITATION PROJECT

November 10, 2009

Project Costs		Project Benefits
ORDC Grant	**$25,000**	**LM&M Generates $1.7 M./yr. Tourist Spending**
City of Lebanon Funds	**$50,000**	**LM&M Spends $870,000/yr. on Operations**

INTRODUCTION: The Lebanon, Mason, Monroe Railroad (LM&M) operates tourist train services on the City of Lebanon owned rail line between downtown Lebanon and Hageman Junction where the line is contiguous with Indiana & Ohio Railway (I&O) freight operations that operate from Mason to Monroe (near Middletown). The City requested a $25,000 grant to match $50,000 in City funds to perform part one of a three part, three year, track improvement program on the City owned line.

BACKGROUND: The City of Lebanon purchased 5 miles of track from downtown Lebanon to Hageman Junction in the late 1970's with Federal Railroad Administration funds provided to the City through the Ohio Department of Transportation. Initially, the line was needed by the I&O to serve rail-dependent freight customers. Over the years the freight business left the City owned rail line but tourist services initiated by the I&O grew and prospered, partially from the line's proximity to the King's Island amusement park, and partially from the tourism already offered in Lebanon in the form of antique shops and other attractions such as the Golden Lamb restaurant. The last freight car generated on the City's line was a car of fertilizer delivered to Southwest Landmark in 2007. Other companies along the City's line that have used rail freight service in the last five years include George Steel Fabricating (steel), and PAC National (paper, cardboard, plastics).

The LM&M operates about 300 tourist trains a year (generally one locomotive and four coaches) between April and December between the classic old railroad depot in downtown Lebanon (MP 1.80) and a picnic grove at the Southwest Golf Ranch (MP 6.1) near Hageman Junction (MP 6.5) where I&O operations to and from Mason and Monroe intersect with the Lebanon line. The LM&M generates about 50,000 riders a year on these trips. A map of the City owned and I&O owned lines in the Lebanon area is included herein as Exhibit "A".

The LM&M ceased operations over the City's line from January 2009 to July 2009 while two bridges (MP 2.10 and MP 5.90) were being repaired. The City of Lebanon paid $273,000 out of City coffers to affect these repairs. The repairs were needed to ensure continued safe operations over the City's line. During the bridge repair, local businesses experienced a noticeable decline in revenues.

PROJECT DESCRIPTION: By federal law, any tourist operation must be conducted on track that meets FRA Class I conditions. Any Class I defect is sufficient reason to shut down a tourist operation. The City of Lebanon has realized the importance of good maintenance practices and has retained a track inspector to keep tabs on the condition of the track. With this professional rail help, the City has put together a $225,000 three year track improvement plan that calls for a City investment in the line of $75,000 a year for the next three years. The following work is included in each of the years of the three year plan:

City of Lebanon/LM&M Track Program for Each Year of Three Year Plan

Cross Ties: 700
Tie Plates: 200
Bolt Sets: 700

The City put this 3 year plan out to bid and has selected a winning contractor. The specific track work each year will be directed by the City's consulting track inspector. The City will be responsible for continued maintenance.

WHY ORDC FUNDING IS NEEDED: The City of Lebanon has stepped forward with a significant investment of $273,000 for bridge repairs earlier this year and is committed to spending at least $50,000 for the first year of its 3 year track upgrade plan. ORDC funds help ease the burden of track upgrades on the City coffers. The LM&M does not generate profits that could be used for track upgrades.

PROJECT BENEFITS: The City of Lebanon, other local officials, and the LM&M have done considerable research into the economic value of the LM&M tourist operations to the City of Lebanon.

At the City's request, the Warren County Convention & Visitors' Bureau examined the estimated economic activity the LM&M operations generate annually. The Visitors' Bureau concluded that based on 40,000 annual LM&M patrons, the tourist train generates about $1,720,000 a year in local income for local businesses, or about $43 of economic activity per rider. The actual ridership for 2009 is estimated to be about 50,000 which would mean the economic impact could be as high as $1,950,000 a year. The City listed over 100 businesses (restaurants, gift shops, antique shops, gas stations, convenient stores, motels, ice cream parlors, coffee shops, flower shops, photographers, barber shops, beauty salons, museums, and other such entities) where drop in business is welcome, all in the greater Lebanon area in close proximity to the tourist train operations.

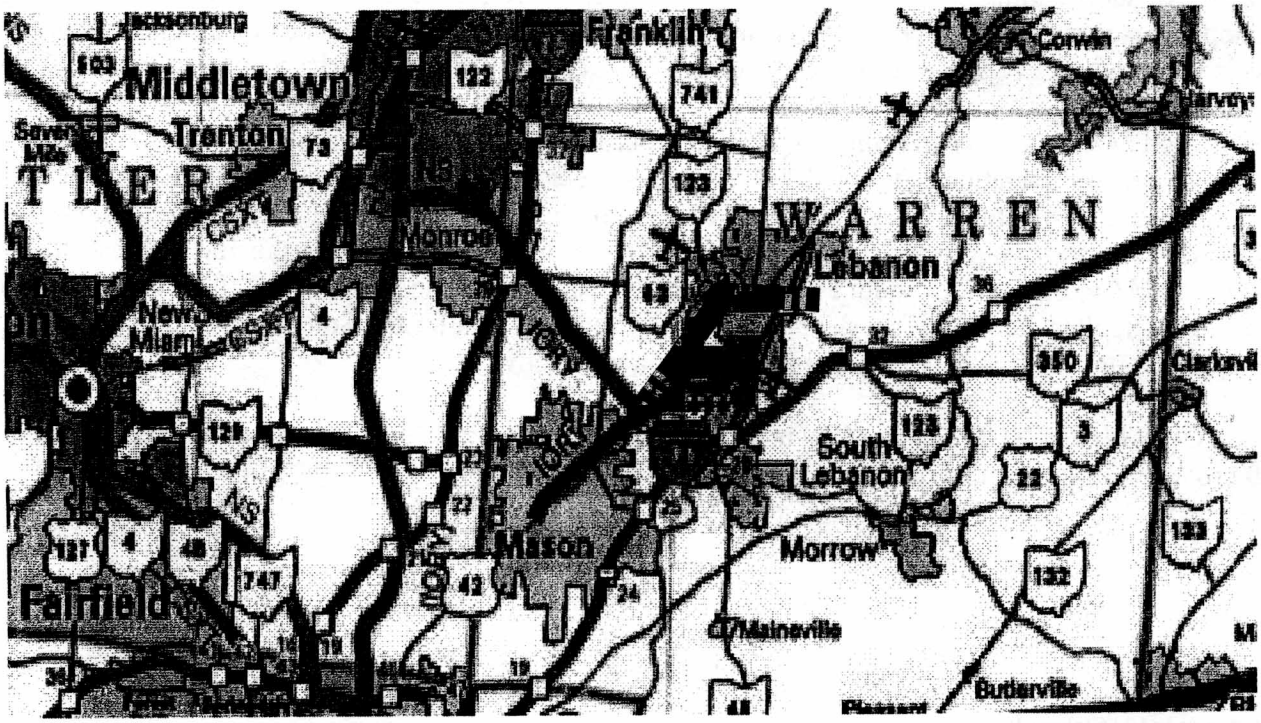
In addition, the LM&M itself is an economic generator because of the high cost of maintaining the station, equipment, and tourist operations. The LM&M developed an extensive list of its expenditures, most of which were local or regional in nature. Over a nearly 3 year period, the LM&M spent over $2.6 million on various operations which averages out to about $870,000 a year in expenses. These expenses included items such as payroll for LM&M workers (only about $72,000 a year as many workers are volunteers), fuel, locomotive supplies, depot supplies, books and magazines, local food services, rent for the Southwest Golf station stop, advertising, and other such items that generate local economic activity.

SPECIAL CONTINGENCIES: The City needs to supply ORDC with a detailed scope of work for the $75,000 project to be performed using $25,000 in ORDC funds.

w:CityofLebanon,LM&MRehabAPB

"A"

CITY OF LEBANON RAIL LINE



CITY OWNED LINE: [redacted]

Ohio Rail Development Commission

1980 West Broad Street • Columbus, Ohio 43223
614-644-0306 (telephone) • 614-728-4520 (fax) www.dot.state.oh.us/ohiorail

November 10, 2009

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CITY OF LEBANON, LM&M TOURIST RAILROAD REHABILITATION PROJECT** and dated November 10, 2009, as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

PROJECT BRIEFING:
MARNE BRIDGE REMOVAL

November 9, 2009

Project Funding		Project Benefits
* ORDC Grant	$136,855	*Eliminates Unsafe Bridge Conditions
* C&OR In-kind services		*Maintains Access per Property Deed

INTRODUCTION: ORDC staff recommends a grant to the Columbus & Ohio River Rail Road (C&OR) of up to $136,855 for the removal of a bridge along the state-controlled Panhandle Rail Line and the installation of a private, at-grade crossing. The bridge, located at milepost 153.67, is in need of repair or replacement. ORDC would grant up to $136,855, or 100% of the project costs, whichever is less.

BACKGROUND

Brief History of C&OR/Panhandle Rail Line: The C&OR has served as operator of the state-controlled Panhandle Rail Line since the state acquired the line in a complex financing transaction in 1992. The ORDC and the C&OR have entered into a series of 5-year agreements, and the current agreement extends through June 30, 2012. As the operator of the line, the C&OR is responsible for maintaining the property in good order, repair, and safe condition. The C&OR has committed to certain minimum amounts of repair and maintenance work each year depending on the traffic levels, and has routinely exceeded those amounts. The agreement also contemplates the repair of overhead highway bridges, and includes a role for the ORDC to provide 90% or more of the funding needed to maintain such structures so that the C&OR's maintenance and capital projects will not be unduly affected.

Long-Standing Issues with Bridge 153.67: The bridge at MP 153.67 is approximately 161 feet in length and 12 feet wide. The bridge is constructed of steel girders and steel piers with wood floor beams, floor decking, and side rails. There are two homes north of the bridge who share use of the bridge for access. One of the properties is, notwithstanding the bridge, inaccessible from public roadways. The owner of the otherwise landlocked property contacted the ODOT Division of Rail in 1992, and again through his attorney in 1996, and it is unclear from ORDC's records that any action was taken to remediate the bridge's condition. ORDC was further contacted in late 2007 regarding the condition of the bridge. ORDC's legal counsel has reviewed the documents on file at ORDC, along with correspondence since 1992 from the homeowner, and determined that the bridge appears to not be the responsibility of the adjoining property owners, but of the "railroad." While ORDC's counsel notes that it is possible that documentation exists absolving ORDC/C&OR of responsibility, none appears to be on file. Based on this information, ORDC staff agrees that the bridge is likely the responsibility of the ORDC and the C&OR.

In late 2007, ORDC staff requested that ODOT to evaluate the bridge. ODOT determined that new floor timbers would improve the bridge's structural rating, however not to a degree that emergency response vehicles would be able/willing to cross. Due to the significant work that would be needed to make the bridge fully accessible, staff recommends removal of the bridge and replacement with a private, at-grade crossing.

ORDC staff explored the possibility of an access lane to the otherwise landlocked property from a public road approximately 2,000' to the west, however the adjoining property owner was not interested in that as a permanent option. The adjoining property owner did, however, agree to a temporary driveway until such point as ORDC and the railroad could resolve the long-term future of the bridge. That agreement between the

railroad and the property owner was first executed in September 2008 and has been renewed through September 2010. It is staff's intent to complete the bridge removal/crossing construction well prior to that deadline.

PROJECT DESCRIPTION: The bridge at MP 153.67 will be removed. In its place, the undergrowth will be removed, the ground will be graded, and a private, at-grade crossing will be constructed. In addition, signage and a gate will be installed to discourage unauthorized traffic from using the crossing.

WHY ORDC FUNDING IS NEEDED: ORDC funding will eliminate the concerns about the safety of motorists crossing the bridge. As the owners of the rail line, ORDC has determined that the bridge's condition needs to be addressed immediately and that this project is outside the scope of ordinary maintenance for which the C&OR, as the rail operator, is responsible.

PROJECT BENEFITS: Maintained access to two homes. No impact to C&OR's maintenance budget for the Panhandle Line.

OTHER CONTRIBUTIONS: C&OR will manage the project.

Ohio Rail Development Commission

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November 9, 2009

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **MARNE BRIDGE REMOVAL** and dated November 9, 2009, as described in that briefing.

Matthew R. Dietrich
Executive Director

James G. Bradley
Chairman

OHIO RAIL DEVELOPMENT COMMISSION
Committee Roster
Updated: 10/1/2009

Human Resources

* Commissioner Jackson (1/28/08)
Commissioner Sowers (1/28/08)
VACANT (Roberts)

Economic Development/Long-Term Strategy

* Commissioner Bennett (2/4/08)
Commissioner Jackson (2/4/08)
Commissioner McOwen (2/4/08)
Commissioner Murdock (9/11/2008)
Commissioner Lozier (9/18/2008)
VACANT (Beasley)

Legislation

* Commissioner Molitoris (2/4/08)
Commissioner Sowers (2/4/08)
Representative Hagan (2/4/08)
VACANT (Flowers)
VACANT (Cafaro)
VACANT (Mumper)

Budget/Finance

* Commissioner McOwen (2/4/08)
Commissioner Wolfe (2/4/08)
VACANT (Gibson)

Liability Issues

* Commissioner McOwen (1/23/08)
Commissioner Jackson (1/23/08)
VACANT (Gibson)
VACANT (Roberts)

Panhandle Long-Term Lease Advisory

* Commissioner McOwen (9/13/07)
Commissioner Jackson (9/13/07)
Commissioner Murdock (8/6/08)
Commissioner Wolfe (8/6/08)
Commissioner Lozier (9/18/08)

* Denotes Committee Chair

OHIO RAIL DEVELOPMENT COMMISSION

2010 Meeting Schedule

January 14 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus *(location confirmed)*

March 11 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus *(location confirmed)*

April 15 @ 8:30 am (SPRING RETREAT)
Highbanks Metro Park – Nature Center, 9466 Columbus Pike (US 23 N),
Lewis Center (Columbus) *(location confirmed)*

May 13 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus *(location confirmed)*

July 15 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus **

September 9 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus **

October 7 @ 8:30 a.m. (FALL RETREAT)
Highbanks Metro Park – Nature Center, 9466 Columbus Pike (US 23 N),
Lewis Center (Columbus) *(location confirmed)*

November 18 @ 10:00 am
Ohio Department of Transportation Headquarters, 1980 West Broad Street,
Room GA (Lower Level), Columbus **

** LOCATION IS TENTATIVE

This schedule is subject to change. Please visit the ORDC website at www.dot.state.oh.us/ohiorail prior to the scheduled meeting or call the Commission office (614-728-9497) to confirm the date and location.

RESOLUTION 09-25: COLUMBIANA COUNTY PORT AUTHORITY LOAN

The briefing and resolution regarding the modification of the terms of the Columbiana County Port Authority loan will be provided to Commissioners via e-mail prior to the November 19, 2009 Commission meeting and will also be provided in hard-copy form at the meeting.

BRIEFING
REVISION IN THE LOAN TERMS OF THE
COLUMBIANA COUNTY PORT AUTHORITY LOAN
November 17, 2009

Request
- Change in loan terms.

Benefits
- Provide longer term financing and more flexible repayment terms to enhance the operator's ability to continue to repay outstanding loan balances.

Staff is requesting the Commission approve a revision in loan terms of the Columbiana County Port Authority's $2,098,046.63 loan with the Commission for the rehabilitation of the former Youngstown and Southern line.

Since the Commission first approved a $500,000 grant to assist the Columbiana County Port Authority (CCPA) to purchase the line from Railroad Ventures Inc. (RVI), the Ohio Rail Development Commission has been instrumental in the preservation of this rail line.

A summary of ORDC's assistance to the Youngstown and Southern Rail line includes:

- A grant in the amount of a $500,000 to assist the Columbiana County Port Authority with the original acquisition and rehabilitation of the line in 2000;
- The current loan for $2,098,046.63 million for rehabilitation;
- A grant in the amount of $75,000 for additional rehabilitation work;
- A grant for $45,000 to assist the Port Authority, Ohio and Pennsylvania Railroad and the Community of Columbiana replace a culvert; and
- Over $2 million in grade crossing safety improvements at crossings along the line.

This is the fifth request of the Commission to modify loan terms since the initial approval in September, 2003. The original loan terms called for a loan of up to $2.1 million, with a maturity of six years, and 0% interest in the first two years, 1% in years 3 and 4, and 2.5% in years 5 and 6. The original loan also called for no payment of interest or principal in the first year. The previous modifications were:

1. Resolution 04-15, approved by the Commission on November 18, 2004, which delayed payments by three months. It was a "stop-gap" measure necessitated by the bankruptcy of the original operator, the Central Columbiana and Pennsylvania Railroad (CQPA).
2. Resolution 05-01, approved by the Commission in March 2005, which further delayed payments on the loan to March 1, 2006 to provide the new operator, the Ohio and Pennsylvania Railroad, a subsidiary of the Ohio Central Railroad System, the benefit of the terms that were presented to the original operator: one year of operation principal- and interest-free.

3. Resolution 06-01, approved by the Commission in January 2006, to further defer payments to allow the Ohio and Pennsylvania Railroad an opportunity to examine other funding options including the possibility of a Federal Railroad Administration RRIF loan. The Ohio Central Railroad subsequently decided to cease operations of the line and not assume the lease out of bankruptcy.
4. Resolution 07-02, approved by the Commission on January 11, 2007, to modify several provisions of the loan related to the expected purchase of the line by Eastern States Railroad (ESRR), a subsidiary of the primary shipper on the line, Total Waste Logistics (TWL), from the CCPA.

ESRR purchased the CQPA's rights to the line from the bankruptcy court in a process completed in November 2006 and subcontracted the operations of the line to the Youngstown and Southeastern Railroad (YSRR). ORDC understands that ESRR still intends to purchase the rail line from the CCPA.

The conditions that the Commission approved in Resolution 07-02 were:

1. To extend the amortization of the loan by two (2) years providing ESRR with a six (6) year, 11-month amortization of the outstanding loan balance of $2,098,046.63 starting with the first payment on February 1, 2007.
2. ESRR would provide a $100,000 one time payment on February 1, 2007 in addition to the required debt service associated with the amortization above.
3. The CCPA would provide a guarantee of the first $1.2 million of the loan on a declining scale with the guarantee scheduled to expire with the December 2010 payment.
4. The primary shipper on the line, Total Waste Logistics, would guarantee the remaining $898,046.63 balance of the loan until the debt is retired.

While details of the sale to ESRR and the assignment of the ORDC loan were being finalized, ESRR began making the regular monthly payments on the loan. In addition to the one-time payment of $100,000 in item #2 above, ESRR has repaid $769,607.13 of the loan. At the time of the Commission's approval of Resolution 07-02, ESRR expected to be profitable and to reinvest in the line. In addition, they planned to rely heavily on additional funds available from the Zebra Property Fund which is controlled by Peter Hornick, an investor with a controlling interest in both TWL and ESRR.

After a washout of the off-loading area and the roads between the disposal site and the railroad, ESRR missed several payments in the spring of 2008 but paid the three late payments and associated late fees on July 1, 2008. With the current economic conditions (both in terms of waste coming into the TWL facility and the lack of available working capital/continued investments), ESRR began making reduced monthly payments in August through November of 2008 and then made no payments beginning in December of 2008 until June of 2009. On June 16, 2009, ESRR resumed monthly payments, albeit at a reduced amount, and has done so consistently through the payment received November 12, 2009.

TWL has been consistent in its support of the line and its statements that the railroad is critical to its operation. Staff has been given verbal assurances that TWL will continue to market the line to other customers on the line. As a result, staff requests the authority to modify the loan such

that the balance will be re-amortized to allow reduced payments, end the accumulation of monthly late fees, and improve the likelihood of ORDC receiving full payment of the principal and interest of the loan. Staff recommends the following:

1. Re-amortization of the remaining principal balance of $1,228,429.60 (as of 11/17/09) over a term of 60 months, plus a final payment of all late fees accrued but unpaid to date (effective 12/1/09).
2. TWL/ESRR will make a base monthly payment per the new amortization schedule and pay an additional per-car amount in excess of a certain base level of traffic. The additional amounts will be applied to the end of the loan.
3. An interest rate of 2.5% for the balance of the loan.
4. The unpaid late fees accrued to date of $117,782.01 are to be repaid once the principal is retired. If all payments are made per the amortization schedule, the late fees will be due January 1, 2015. Staff requests the authority to reduce this amount if the loan is fully paid earlier than this scheduled date. This arrangement would be subject to continued on-time monthly payments, and any new/additional late fees would not be subject to this arrangement.

There are no changes recommended to the ability to assign the loan to ESRR if the sale of the line is completed, or to the collateral terms of the loan.

RESOLUTION 09-25

RE: COLUMBIANA COUNTY PORT AUTHORITY YOUNGSTOWN & SOUTHERN RAIL LINE REHABILITATION LOAN ASSIGNMENT OF LOAN (Amendment to Resolutions 03-18, 04-15, 05-01, 06-01 & 07-02)

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE COLUMBIANA COUNTY PORT AUTHORITY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration a modification of the provision of assistance under the Act to the Columbiana County Port Authority (the "Authority"); and

WHEREAS, the ORDC staff has submitted to this ORDC a modification to a prior request for assistance submitted by the Authority; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the modification to the proposed assistance will conform to the requirements of the Act and the terms of the modification to the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Authority, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the modification to the assistance proposed to be provided under the Act to assist the Authority with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed modification of assistance to the Authority, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Section 3. That the ORDC hereby amends Resolutions 03-18, 04-15, 05-01, 06-01 and 07-02 as set forth in Exhibit A.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James G. Bradley, Chairman	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Robert Greenlese	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Solomon Jackson	____	yes	_____	no	_____	absent	____	abstained	____	Recused
William Lozier	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Thomas McOwen	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Jolene M. Molitoris	____	yes	_____	no	_____	absent	____	abstained	____	Recused
William Murdock for Lisa Patt-McDaniel	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Larry Sowers	____	yes	_____	no	_____	absent	____	abstained	____	Recused
Herk Wolfe	____	yes	_____	no	_____	absent	____	abstained	____	Recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 11/19/09

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 11/19/09
James G. Bradley, Chairman Date

EXHIBIT A

The modifications to the Request for Assistance are as follows:

1. Re-amortization of the loan over a 60-month term, of the outstanding loan balance of $1,228,429.60 beginning January 1, 2010, and ending with a final payment on December 1, 2014. The interest rate shall be 2.5% per year.
2. Late fees accumulated to date but unpaid are to be paid at the end of the amortization schedule, as a final payment on January 1, 2015, unless the loan is fully repaid early. In that case, ORDC will reduce the amount of the final payment based on the number of months the loan is repaid prior to December 1, 2014. This arrangement will be subject to on-time payments and applies only to the late fees accumulated but unpaid to date. Specific details are to be determined by the Executive Director of the ORDC and incorporated into the loan documents.
3. All other terms, covenants and conditions contained in the Loan documents to be assigned shall remain in full force and effect.